



# Securing profitable growth in challenging times

Roadshow presentation

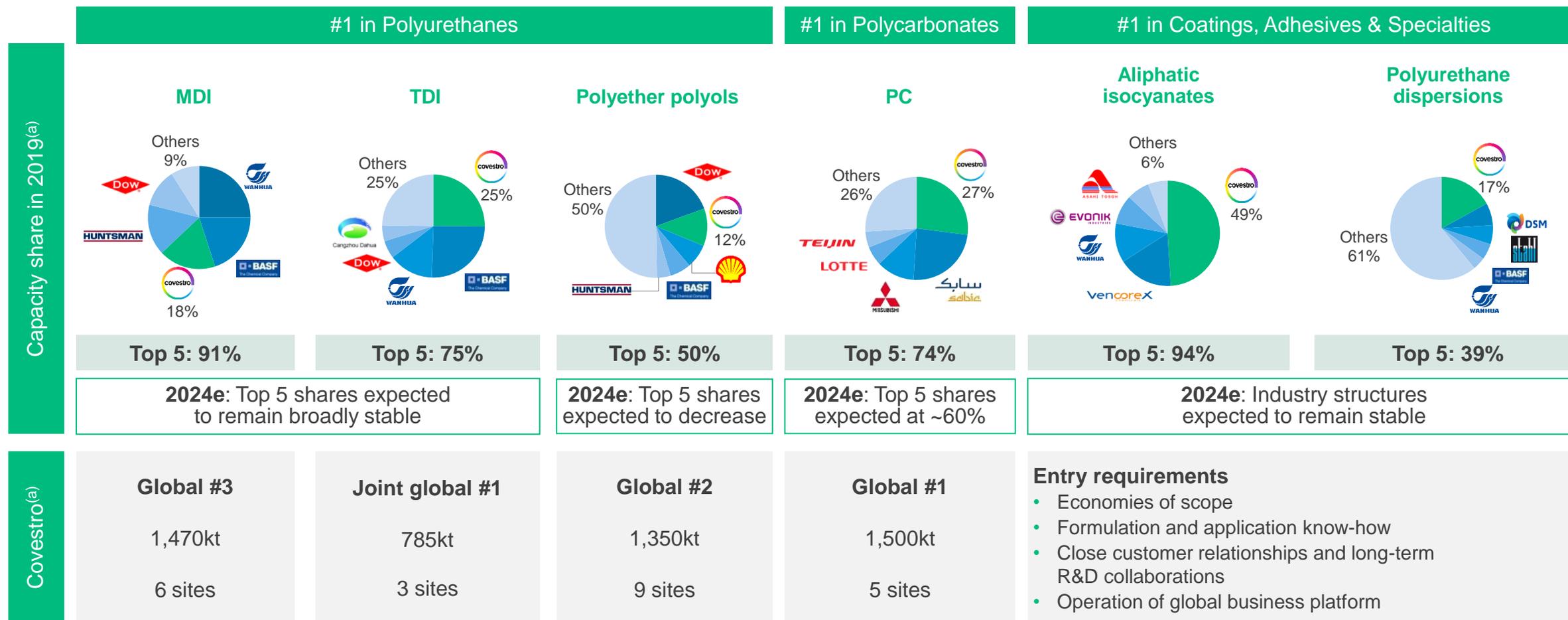


-  **Covestro investment highlights**
-  Group Financials Q4 / FY 2019
-  Segments overview
-  Background information

# Covestro is a global leader across its entire portfolio



## World-wide industry positions and production capacities



# Covestro is diversified across geographies and end-markets



## Key performance indicators and sales split



Sales  
2019



Core volume growth  
CAGR 2015-2019



FOCF  
2019

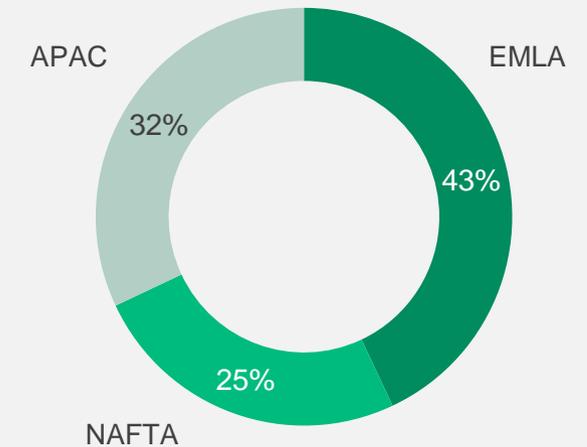
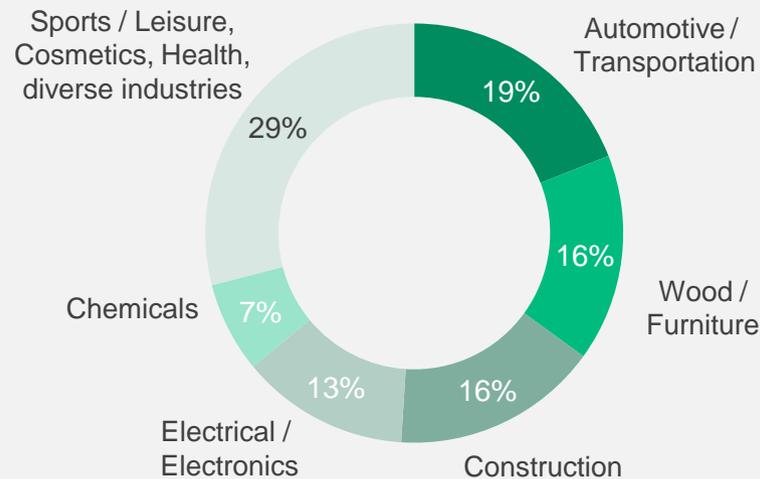
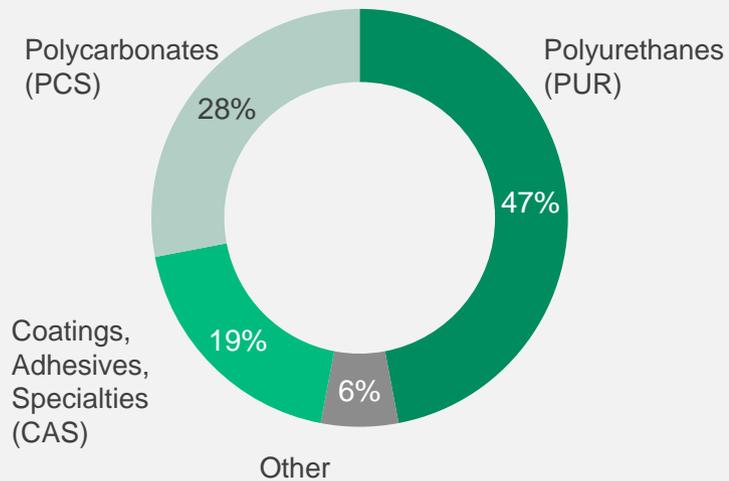


ROCE  
2019



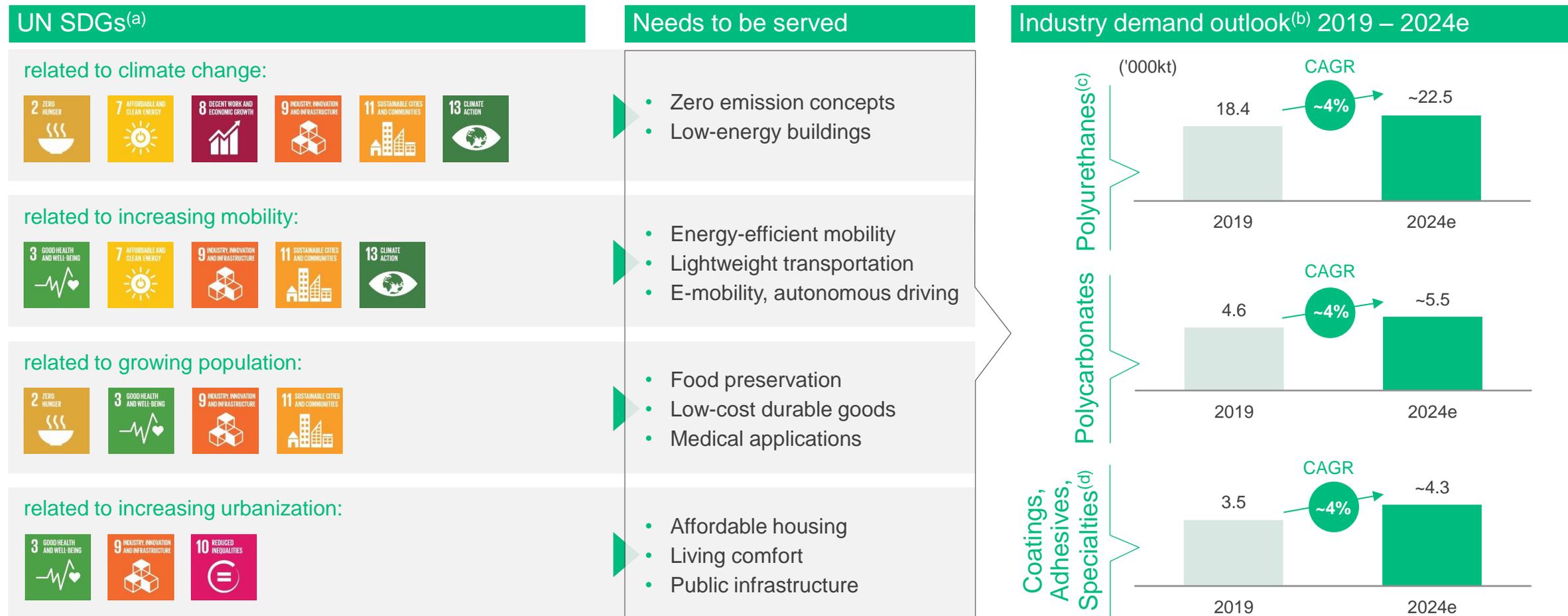
EBITDA  
2019

2019 sales



# Covestro's industries grow above global GDP

## Growth drivers and industry demand outlook

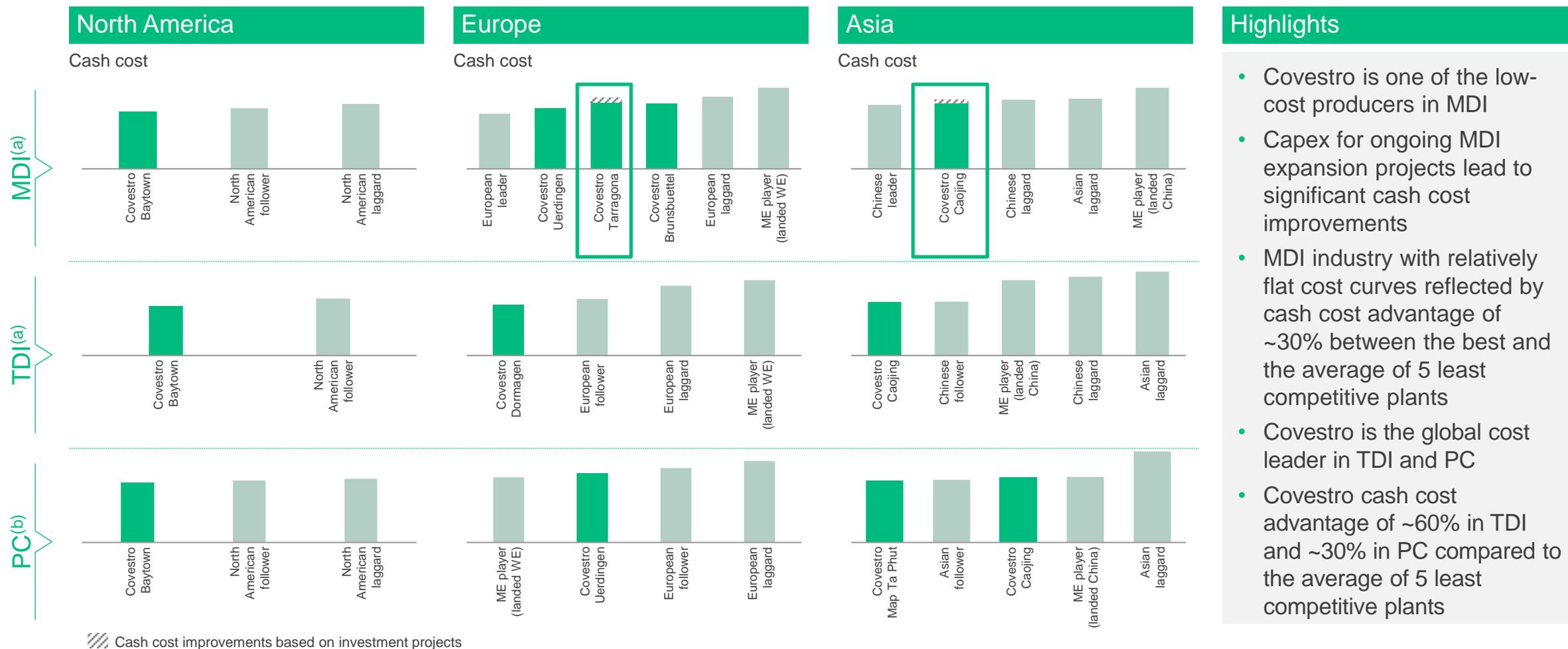


(a) Most impacted goals out of 17 Sustainable Development Goals, set by the United Nations' "2030 Agenda for Sustainable Development"  
 (b) Assumes global GDP CAGR 2019 - 2024e of 2 - 3% as per Covestro estimates; (c) Comprises MDI, TDI and polyether polyols  
 (d) Shows PU raw materials industry demand in coatings, adhesives and sealants (excl. architectural/textile coatings and solvent-borne polyacrylates); additionally TPU, elastomers and PC/TPU films

# Leading cost positions across business segments and regions



## Covestro cash cost positions



### Highlights

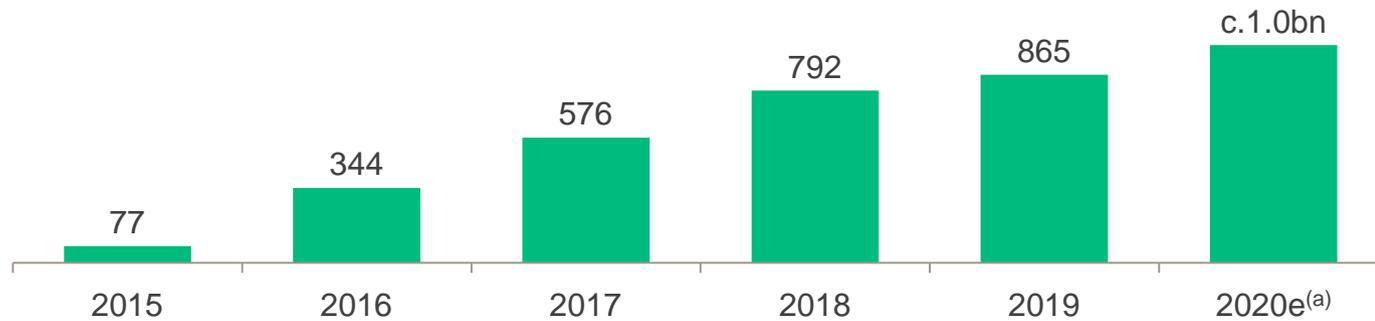
- Covestro is one of the low-cost producers in MDI
- Capex for ongoing MDI expansion projects lead to significant cash cost improvements
- MDI industry with relatively flat cost curves reflected by cash cost advantage of ~30% between the best and the average of 5 least competitive plants
- Covestro is the global cost leader in TDI and PC
- Covestro cash cost advantage of ~60% in TDI and ~30% in PC compared to the average of 5 least competitive plants

# Volume leverage almost offset by pricing delta

## Cumulative volume growth and pricing delta contribution in EBITDA

### Cumulative volume effect in EBITDA

in € million

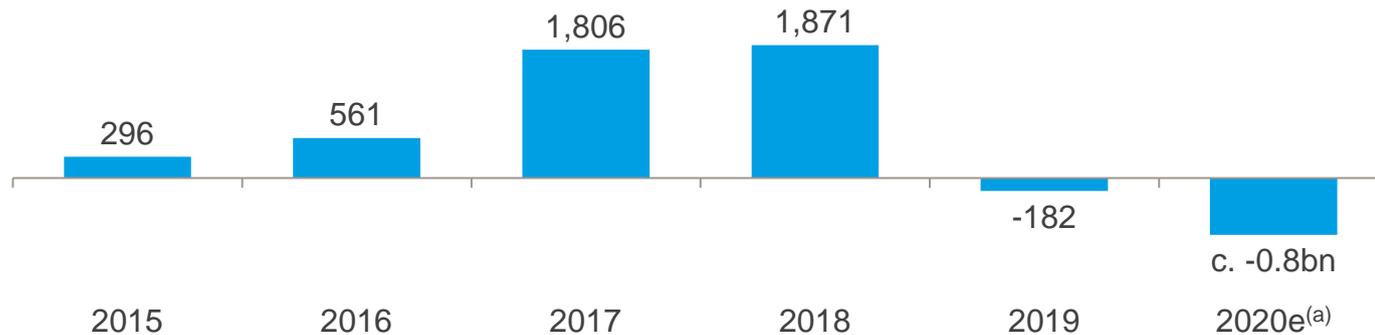


### Highlights

- Continuous EBITDA contribution by volume leverage
- Average volume leverage of 50%
- Between 2015 and 2019, core volumes increased by around 0.8mt; equivalent to growth capex of around €2.4bn<sup>(b)</sup>

### Cumulative pricing delta effect in EBITDA

in € million, sales price minus raw material price



### Highlights

- Fluctuating EBITDA contribution by pricing delta driven by industry supply / demand balance
- Cumulative volume growth contribution almost offset by cumulative pricing delta contribution
- Mark-to-market pricing delta for 2020 approaching historical trough levels for all three supply / demand driven businesses

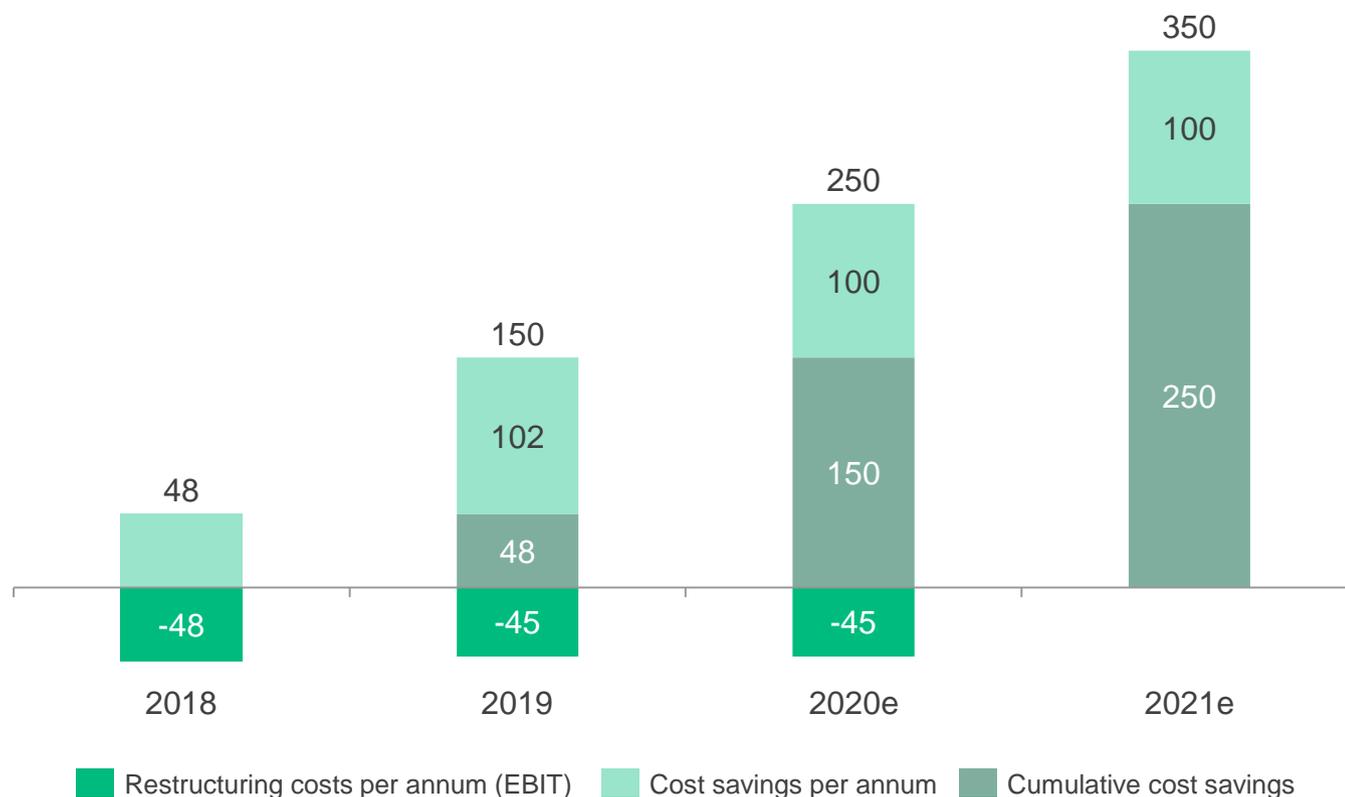
# Execute cost-cutting, reduce headcount in non-production areas



## Expected cumulative savings and restructuring costs

### Progress on “Perspective” program

Approximations, in € million

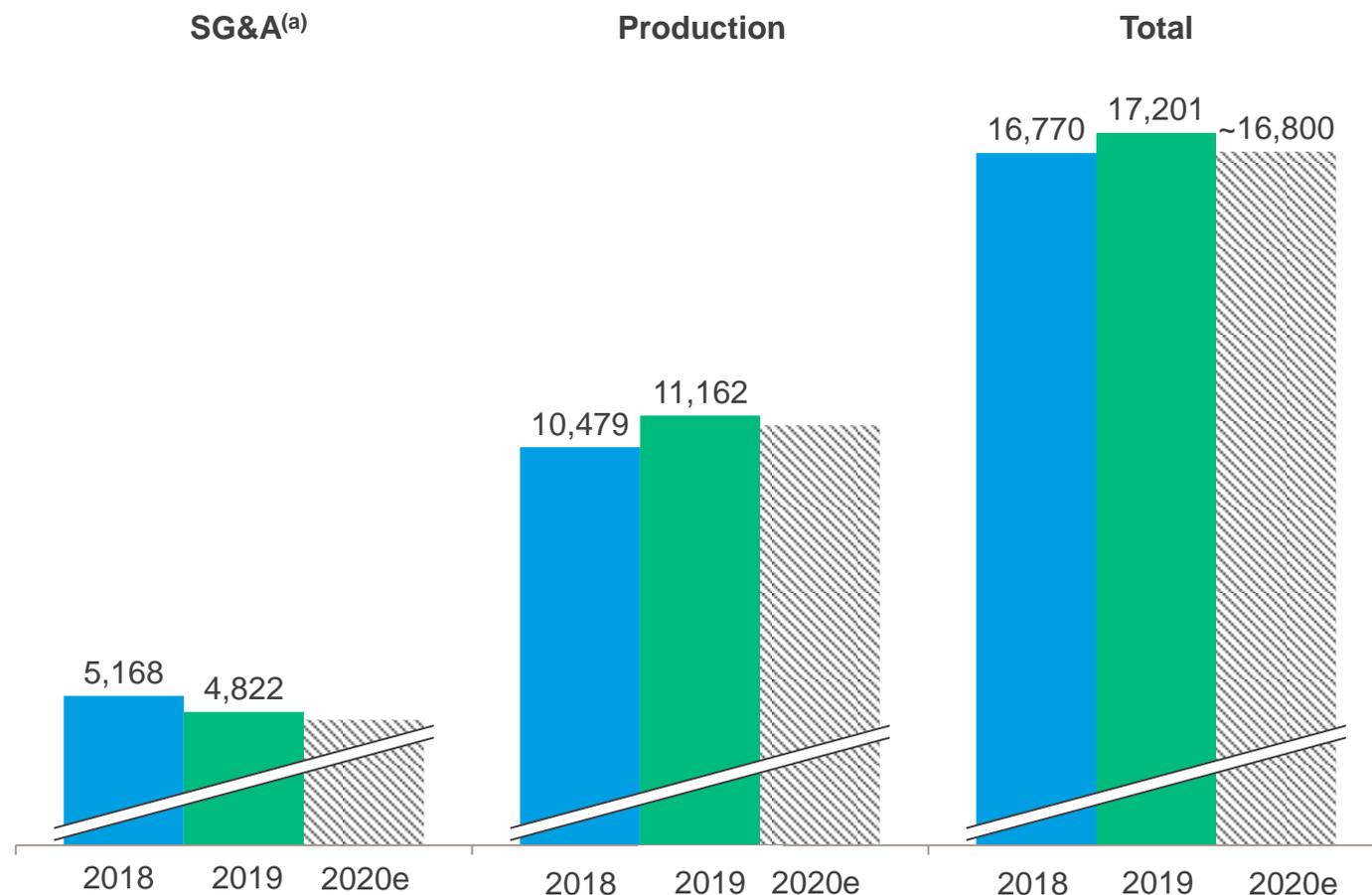


### Highlights

- Accelerated delivery in 2019 (+€10m) and higher planned savings in 2020 (+€20m)
- Cumulative savings of around €350m planned until end of 2021e
- Reduction of ~900 FTE<sup>(a)</sup> globally in non-production areas, to be carried out by way of socially acceptable solutions
- Functional areas: E2E supply chain, procurement, commercial, general and administration
- Driving efficiency by adapting business unit and corporate level structure to market needs: streamline standard businesses, extend differentiation and maximize portfolio synergies

# Target to reduce headcount to 2018 level

## Development of full-time equivalent (FTE)



### Highlights

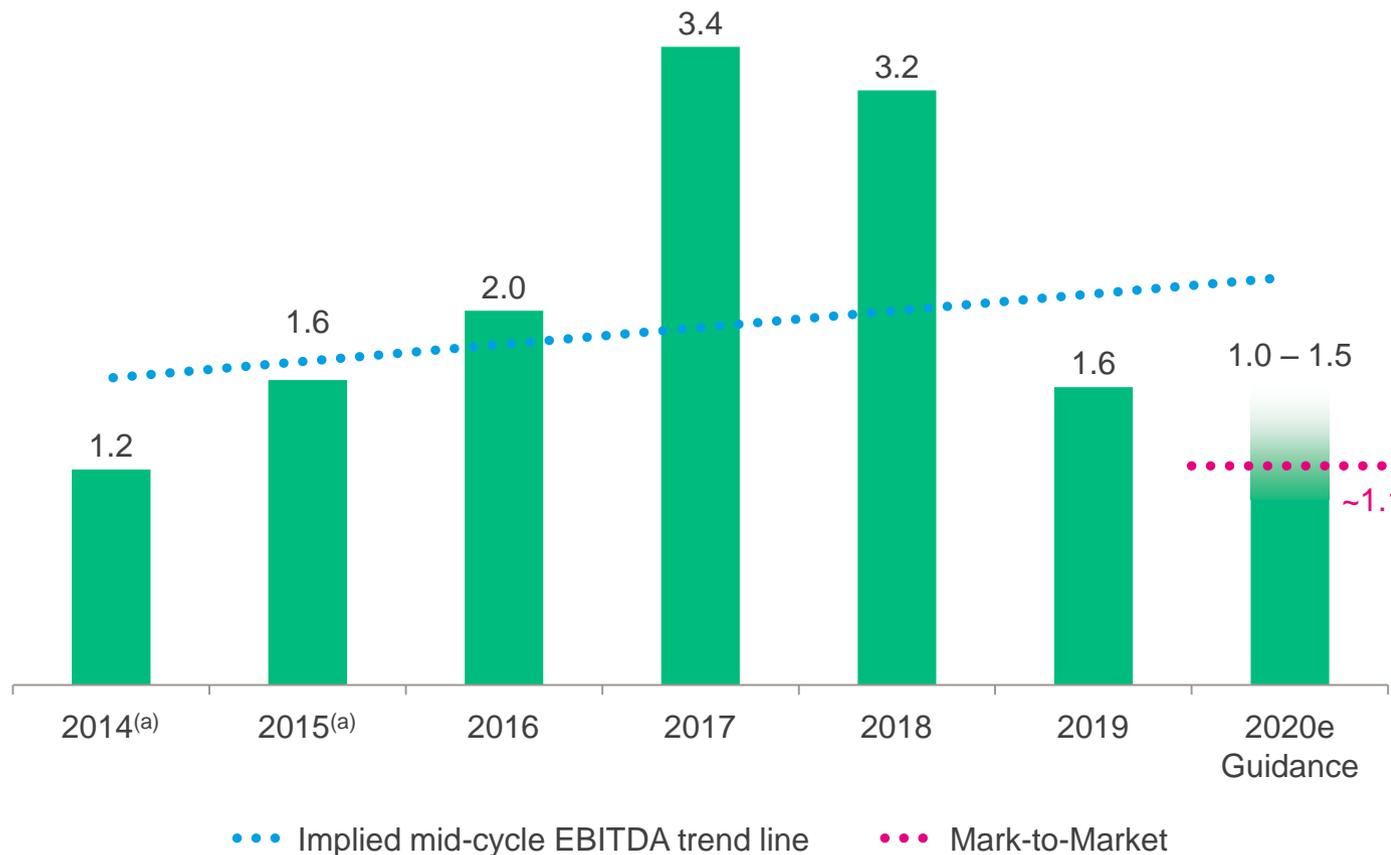
- Marketing and general administration FTE reduced in 2019 as a result of Perspective restructuring
- Production personnel increased in 2019 to equip extended production facilities and to enable growth projects as well as to compensate for upcoming retirements
- Plan to reduce year end 2020 FTE to ~16,800 through further execution of Perspective program

# Earnings approaching trough levels

## EBITDA development between 2014 and 2020e



in € billion



### Highlights

- 2014 below mid-cycle levels due to excess industry supply
- 2017 and parts of 2018 with strong demand growth and favorable industry supply / demand balance
- 2019 below mid-cycle levels as an unfavorable industry supply / demand balance led to significant margin pressure
- Year-end margins 2019 close to historical trough levels determine expected mark-to-market level for 2020e
- Mark-to-market EBITDA 2020e of €1.1bn includes ~€200m additional short-term savings

# Earnings approaching trough level in challenging environment

## FY 2020 guidance



	FY 2019	Guidance FY 2020
<b>Core volume growth</b>	+2.0%	Low-single-digit percentage range increase Y/Y
<b>FOCF</b>	€473m	€0 – 400m
<b>ROCE</b>	8.4%	2 – 7%
<b>Additional financial expectations</b>	FY 2019	Guidance FY 2020
<b>EBITDA FY</b>	€1,604m	€1,000 – 1,500m
<b>EBITDA Q1</b>	€442m	€200 – 280m
<b>D&amp;A</b>	€752m	~€770m
<b>Financial result</b>	€-91m	~€-105
<b>P&amp;L (effective) tax rate</b>	26.8%	24 – 26%
<b>Capex<sup>(a)</sup></b>	€910m	~€900m

# Clear set of priorities

## Use of cash



### Commitment

#### Dividend policy



- Progressive policy: increase or keep at least stable

€1.7bn paid in dividends<sup>(a)</sup>

since January 2016

### Focus

#### Capex



- Covestro's industry and cost leadership make growth investment the most value-creating use of cash
- Growth capex focuses mainly on CAS, MDI and PCS
- Maintenance capex to secure safe, reliable and efficient operations

€2.6bn invested in capex

### Opportunities

#### Portfolio



- Disciplined and focused approach
- Targeting value-enhancing acquisitions with attractive IRR
- Ongoing portfolio optimization, including successful execution of disposals

€0.6bn of sales divested

#### Return to shareholders



- Return excess cash to shareholders
- Authorization for share buy-back program for up to 10% of share capital in place

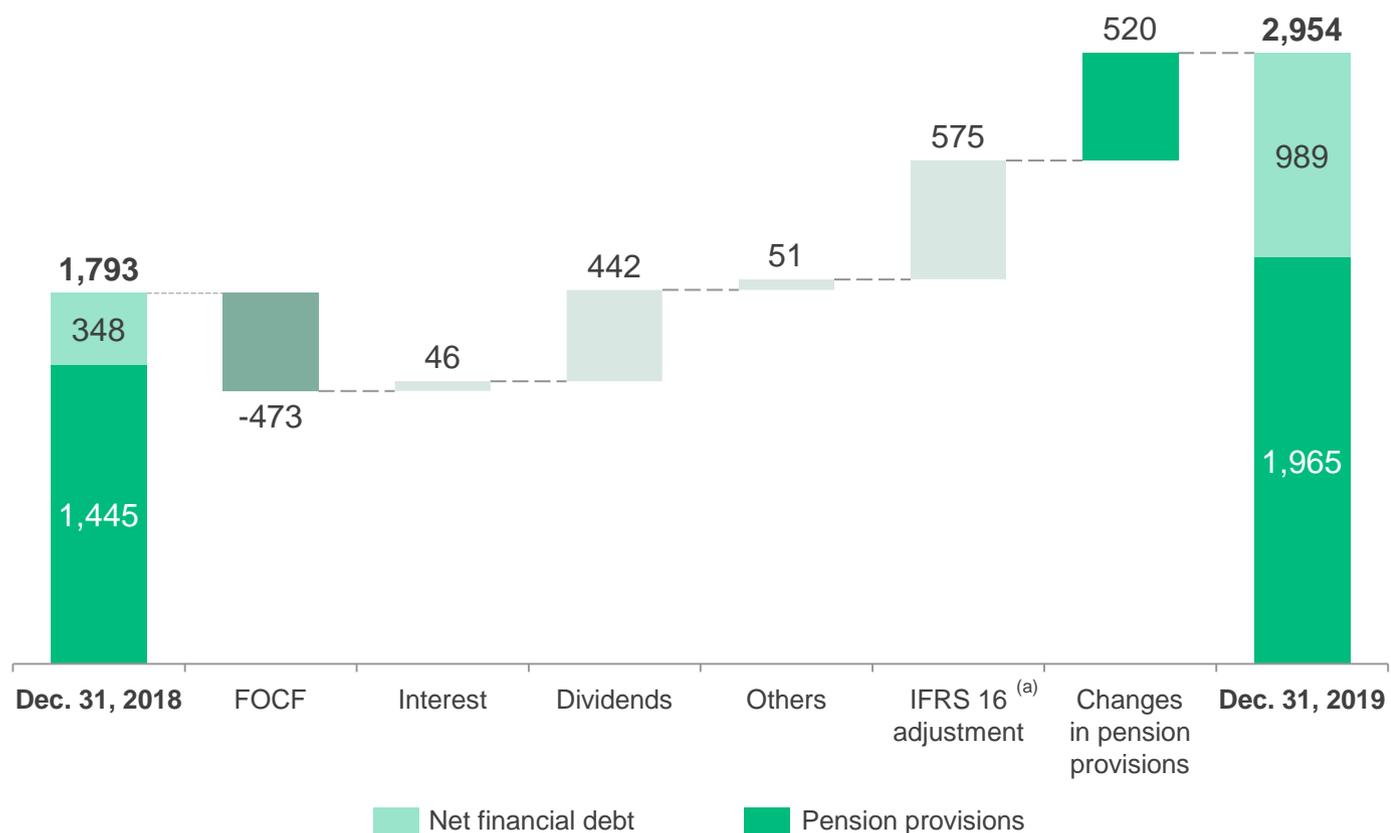
€1.5bn of shares bought back

# Solid balance sheet despite accounting effects

December 31<sup>st</sup>, 2019 – Total net debt



in € million



## Highlights

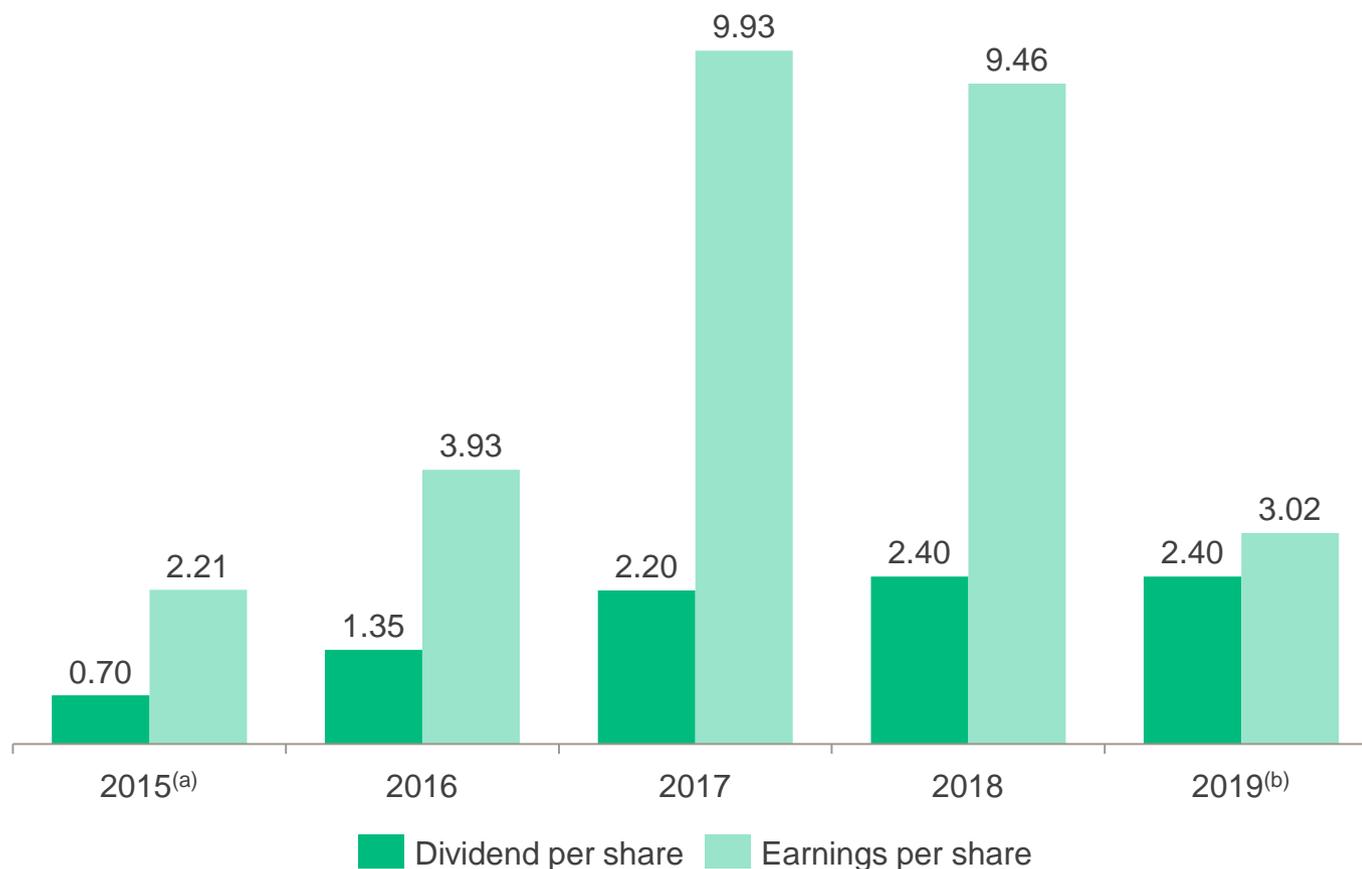
- Increase of net financial debt mainly due to IFRS 16 adoption
- Pension provisions increased by €520m, mainly resulting from a lower discount rate in Germany of 1.0% (prev. 1.8%)
- Almost stable equity ratio of 46% end of 2019 vs. 48% end of 2018
- Total net debt to EBITDA ratio of 1.8x end of 2019 vs. 0.6x end of 2018
- Committed to a solid investment grade rating

# Dividend policy: increase or keep at least stable



## Historical dividend development

in €



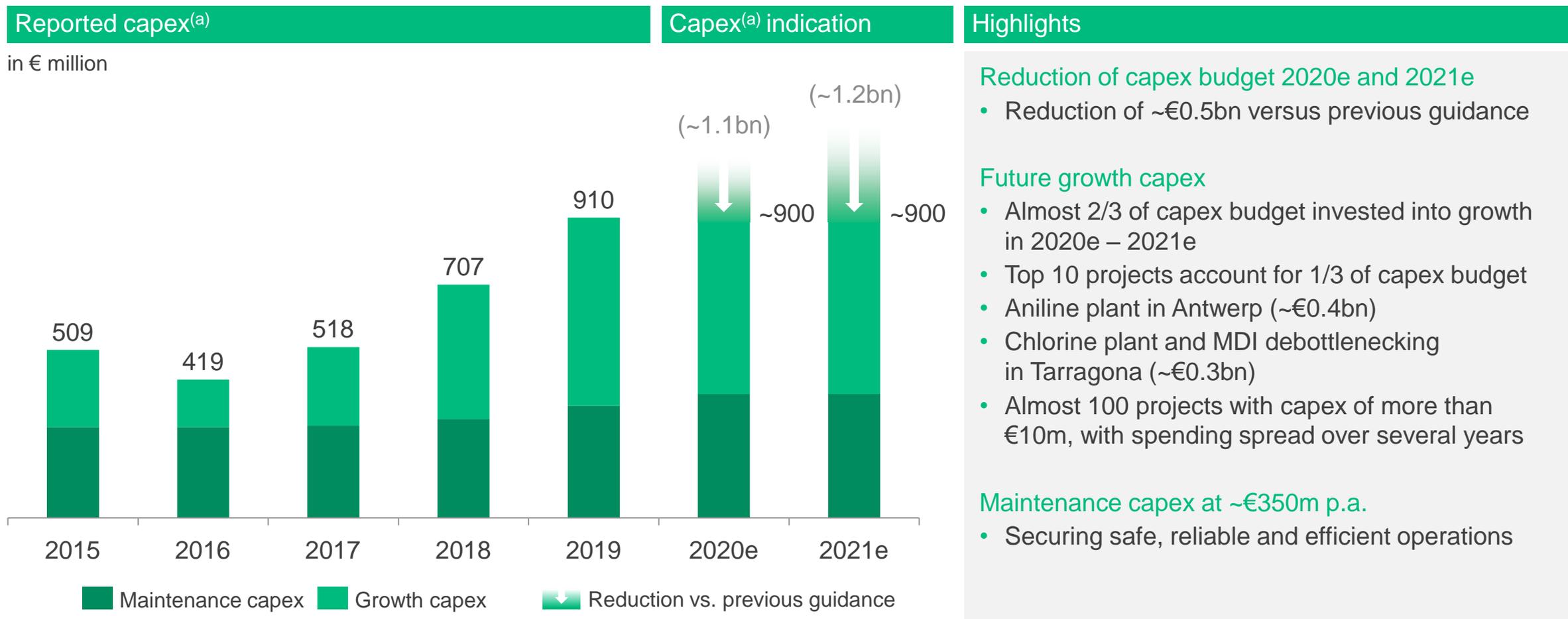
### Highlights

- Commitment to a progressive policy: increase or keep at least stable
- Stable dividend payment proposed for FY 2019 despite decreasing EPS
- For FY 2019 dividend, proposal of €2.40 per share at the next AGM, on April 17<sup>th</sup>, 2020
- Dividend yield of 6.1%<sup>(c)</sup>
- Corresponding FOCF of €473m in FY 2019 covers dividend payment of €438m<sup>(d)</sup>
- Balance sheet was strengthened by reducing net debt by €1.1bn between 2015 and 2019

# Investment into organic growth to deliver attractive returns



## Covestro Group capex<sup>(a)</sup> development 2015 – 2021e



# ESG ambitions support growth strategy

## Covestro non-financial targets for 2025



**1** R&D project portfolio to be aligned with UN Sustainable Development Goals



**2** 100% of suppliers to be compliant with our sustainability requirements



**3** Reduce specific greenhouse gas emissions by 50%



**4** Help ten million people in underserved markets with sustainable solutions



**5** Getting the most out of carbon by increasing its productivity



# Securing profitable growth in more challenging times



## Why invest in Covestro

- 1** Above GDP volume growth  
driven by innovation and sustainability trends
- 2** Leading and defensible global industry positions  
as innovation and cost leader
- 3** Management focus on driving efficiency  
with streamlined structures to better adapt to market needs, focus on cost discipline and strict incentive targets
- 4** Capital allocation focused on value creation  
with commitment to progressive dividend policy and profitable growth
- 5** Full alignment of strategy with ESG criteria  
embodied by non-financial targets



- Covestro investment highlights
- **Group Financials Q4 / FY 2019**
- Segments overview
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# Continuous progress on strategic focus topics

## Achievements 2019



### Sustainability

- Initiative for circular economy
- Use of alternative raw materials (biomass, carbon dioxide)
- Green electricity for production (Ørsted wind farm)



### Portfolio optimization

- Disposal of European and US Polycarbonates sheet businesses
- Disposal of European PU system houses
- Increase of shares in joint venture DIC Covestro Polymer (DCP)<sup>(a)</sup>



### Expansion of production network

- Expansion of MDI production Brunsbüttel, Germany
- Expansion of specialty films production
- Pilot projects for the maintenance of plants using AI



### Innovation

- Product innovations for megatrends such as 5G or e-mobility
- Digital chemistry (use of AI and big data)
- Covestro Start-Up Challenge



# Guidance achieved in a challenging environment



	Initial guidance FY 2019	Narrowed guidance FY 2019 <sup>(a)</sup>	FY 2019	Achievement
Core Volume Growth	Low- to mid-single-digit percentage increase Y/Y	Low-single-digit percentage increase Y/Y	+2.0%	✓
FOCF	€300 – 700m	€300 – 500m	€473m	✓
ROCE	8% – 13%	8% – 10%	8.4%	✓
EBITDA	€1,500 – 2,000m	€1,570 – 1,650m	€1,604m	✓

# Solid core volume growth in a challenging environment

## Group results – Highlights FY 2019



### Sales and core volume growth<sup>(a)</sup>

in € million / changes Y/Y

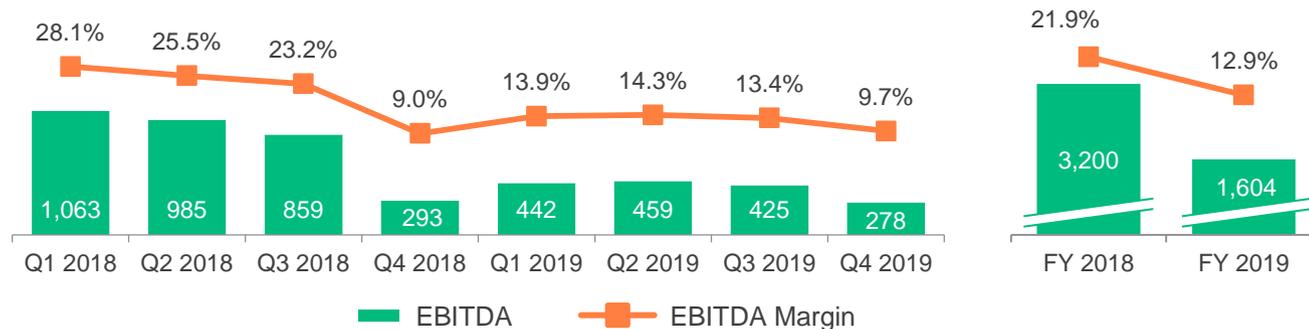


### Highlights

- Solid core volume growth (in kt) of +2.0% Y/Y
- Solid growth in PUR and PCS while CAS volumes declined slightly
- Overall asset utilization rate remains high

### EBITDA and Margin

in € million / margin in percent



### Highlights

- Compared to prior year, EBITDA declined due to pronounced negative pricing delta
- In Q4 2019, EBITDA margin declined to 9.7% vs. 13.4% in Q3 2019 due to normal seasonality, coupled with ongoing margin pressure in a continuing, challenging industry environment

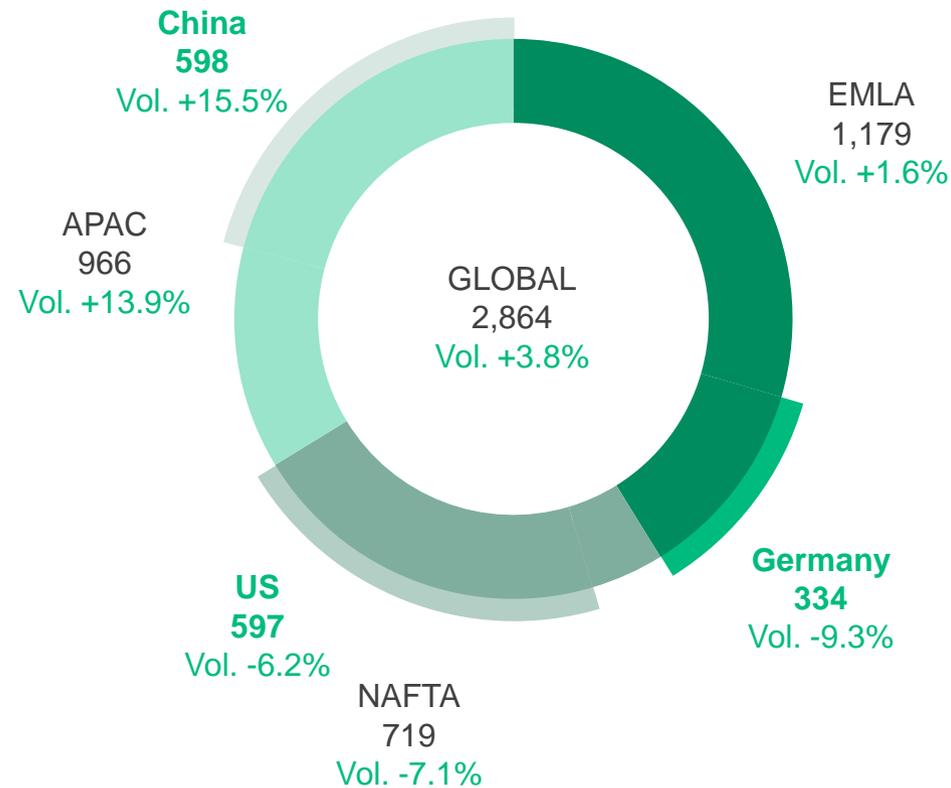
# Solid core volume growth in a difficult environment

## Q4 2019 – Regional split



### Sales and core volume growth

in € million / changes Y/Y



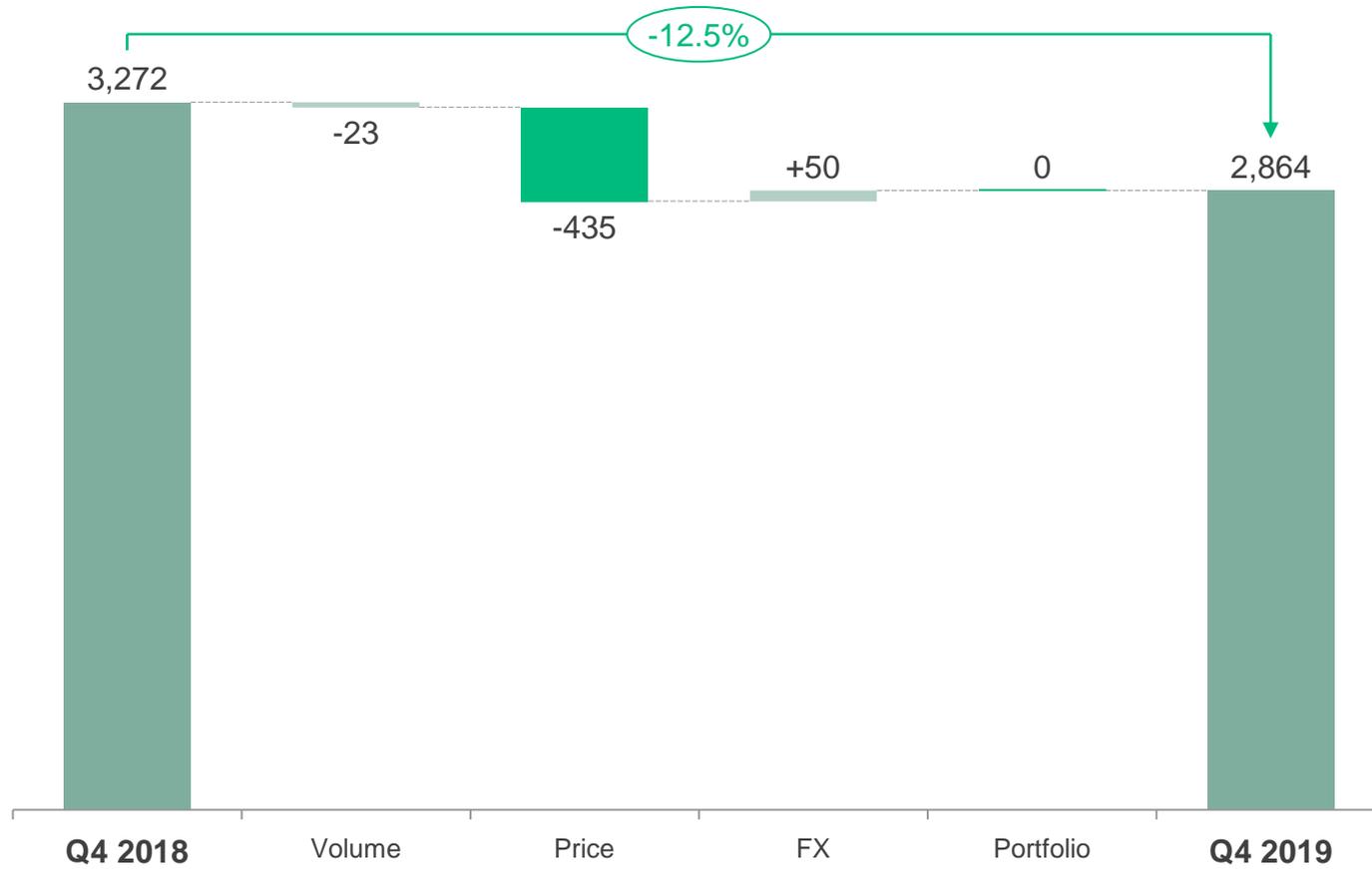
### Core volume growth Y/Y

- **APAC:** double-digit growth in automotive, wood/furniture and diverse industries, strong growth in construction
- **EMLA:** strong growth in electronics, wood & furniture and diverse industries more than compensate negative growth in automotive and construction
- **NAFTA:** negative growth across all industries due to constrained product availability
- **Global:** double-digit growth in wood & furniture, strong growth in diverse industries as well as solid growth in electronics more than compensate negative growth in automotive

# Negative price effects decrease sales

## Q4 2019 – Sales bridge

in € million



### Highlights

#### Negative pricing

- Lower selling prices in PUR and PCS negatively impacted sales by -13.3% Y/Y

#### Slightly negative volume development

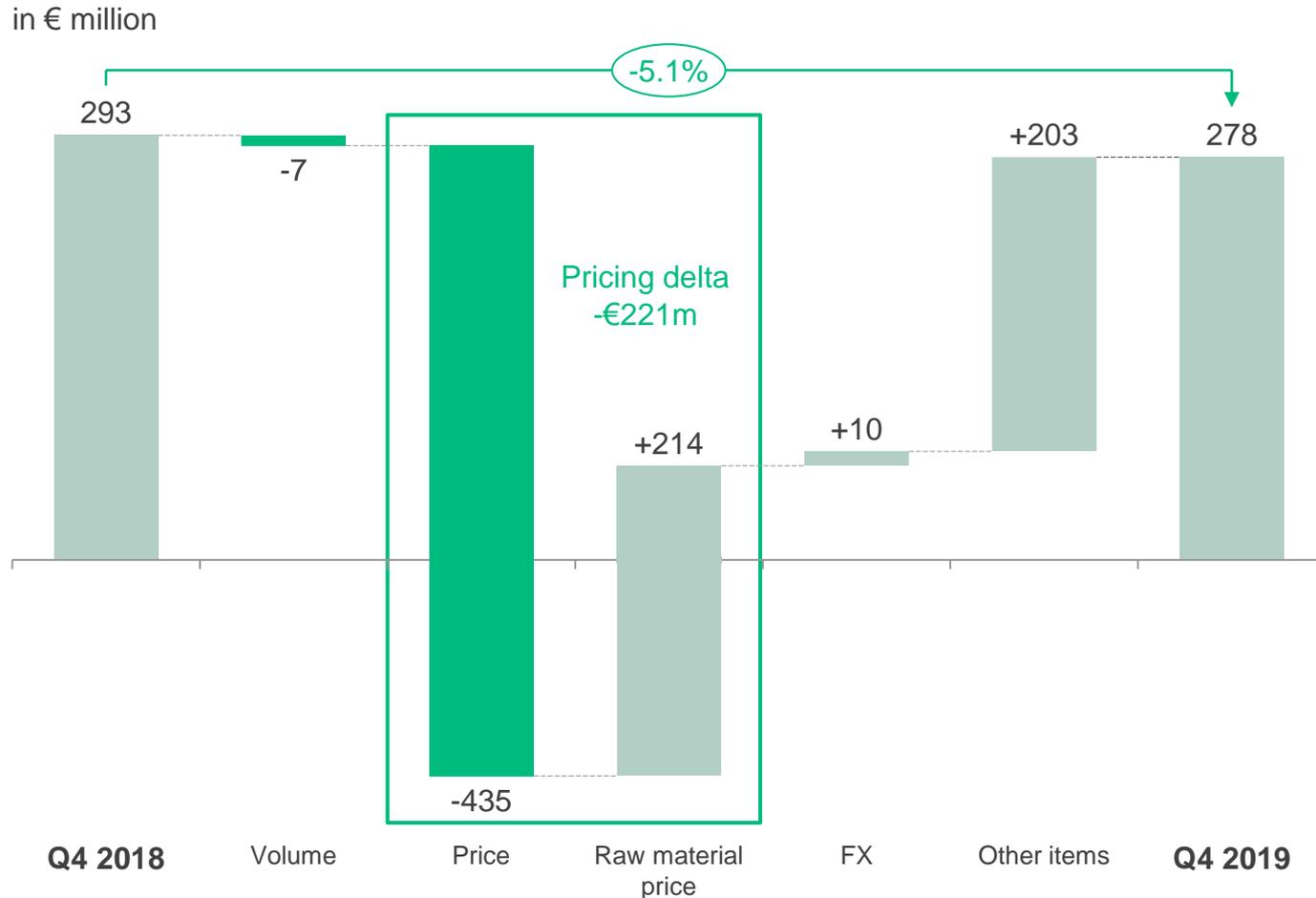
- Sales volume expansion (in €) by -0.7% Y/Y
- Sales volume expansion below core volume growth of +3.8% mainly due to declining non-core business

#### Positive FX

- Sales benefited +1.5% Y/Y from FX mainly due to stronger USD and CNY

# Other items compensate pronounced negative pricing delta

## Q4 2019 – EBITDA bridge



### Highlights

#### Pronounced decline in contribution margin

- Negative pricing delta in PUR and PCS mainly resulting from higher competitive pressure

#### Other items

- Positive impact of €40m from accounting change (IFRS 16)
- Book gain of €34m from European PU system houses divestment

#### Positive FX

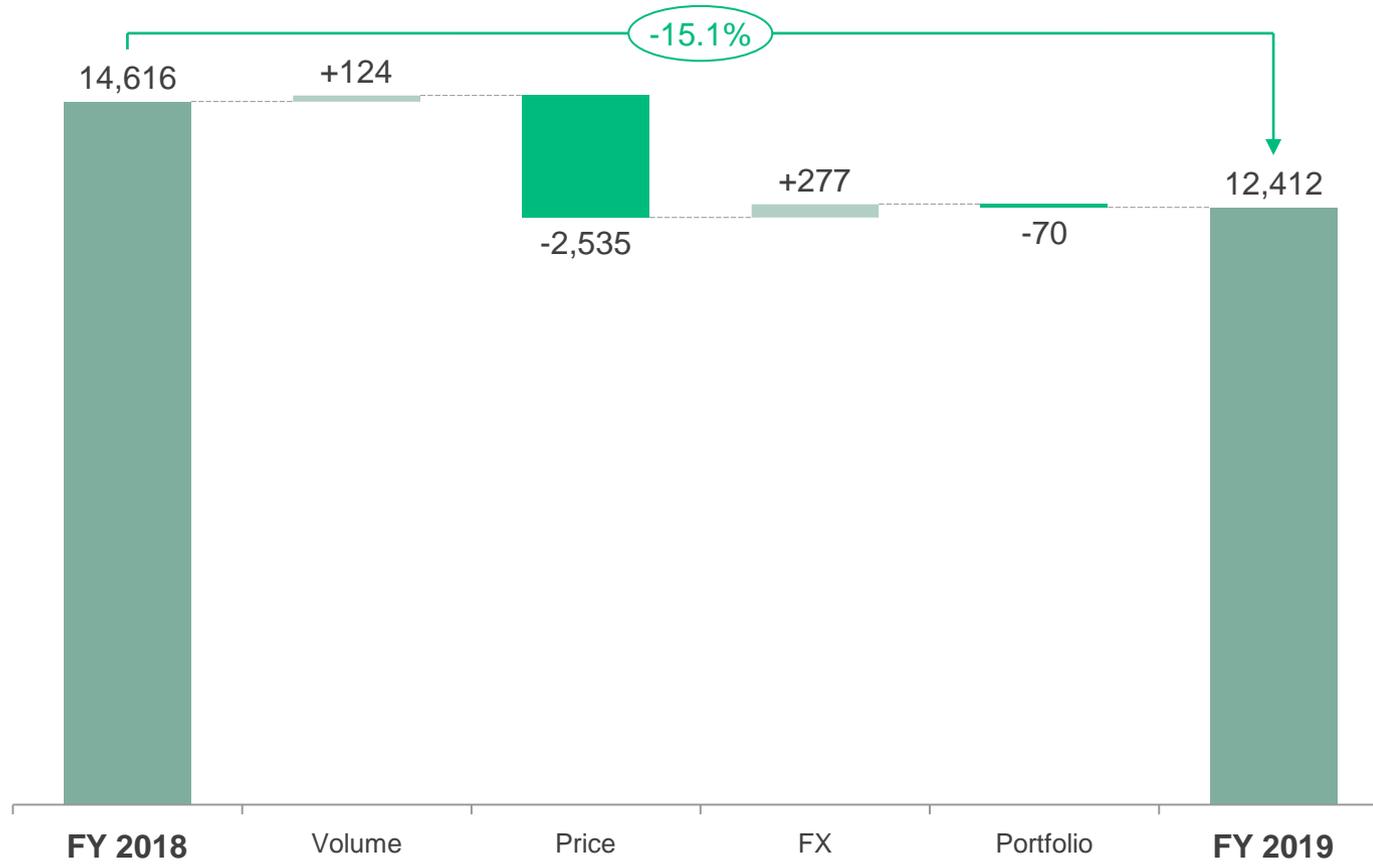
- Positive effect of +3.4% Y/Y mainly due to a stronger USD and CNY

# Sales development driven by price effects

## FY 2019 – Sales bridge



in € million



### Highlights

#### Negative pricing

- Lower selling prices, mainly in PUR and PCS, negatively impacted sales by -17.3% Y/Y

#### Slight volume increase

- Sales volume expansion (in €) by +0.8% Y/Y

#### Positive FX

- FX benefited sales by +1.9% Y/Y mainly due to a stronger USD

#### Portfolio changes

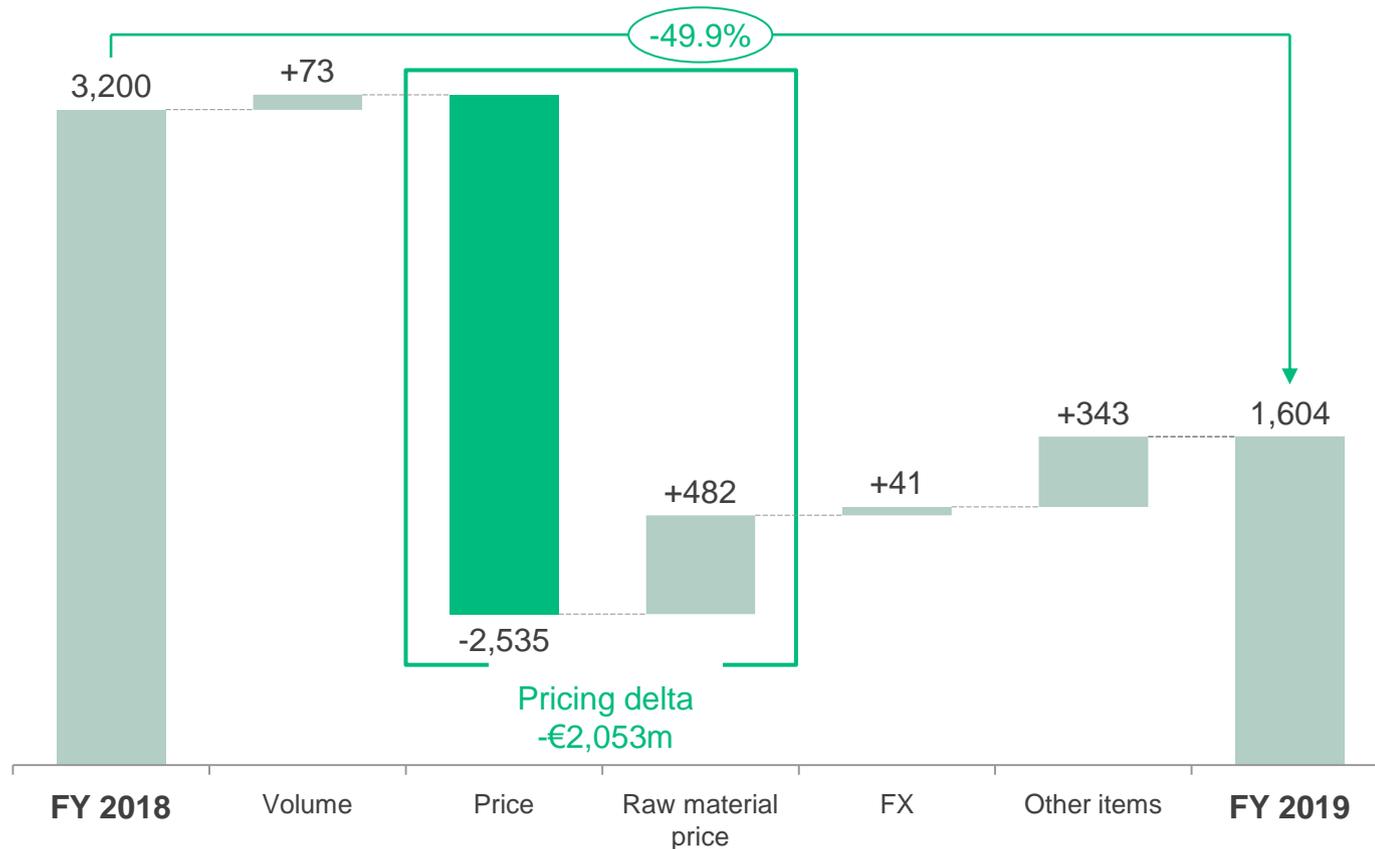
- US PC sheets divested as of 1<sup>st</sup> August 2018 (FY sales of ~€150m)
- Thermoplastic PU business DCP<sup>(a)</sup> fully consolidated as of 1<sup>st</sup> April 2019 (FY sales of ~€40m)
- European PU system houses divested as of 1<sup>st</sup> November 2019 (FY sales of ~€230m)
- European PC sheets divested as of 2<sup>nd</sup> January 2020 (FY sales of ~€130m), relevant in FY 2020

# Continuing pressure on prices and margins

## FY 2019 – EBITDA bridge



in € million



### Highlights

#### Positive volume leverage

- Solid contribution at 59%<sup>(a)</sup>

#### Pronounced decline in contribution margin

- Negative pricing delta, mainly in PUR and PCS, due to intense competitive pressure

#### Other items

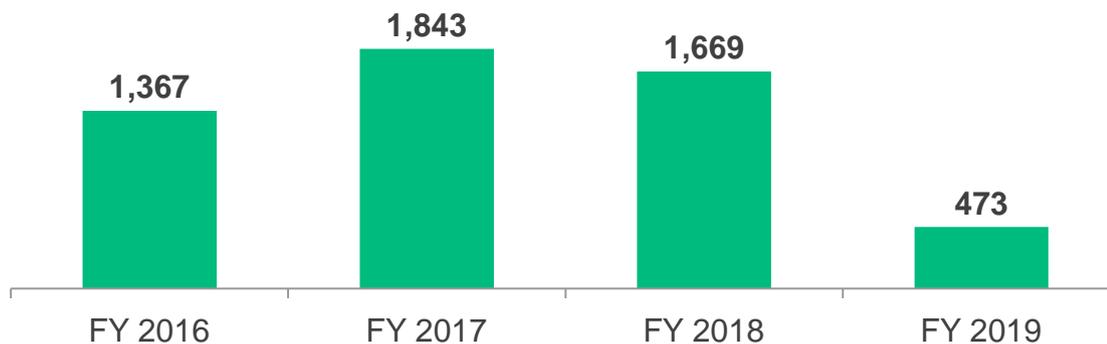
- Lower bonus provisions of ~€300m
- Positive impact of €131m from IFRS 16
- Higher costs driven by inflation, increasing number of employees for production and engineering as well as investments into digitalization
- Book gains €53m from DCP and European PU system houses transactions compare to book gains of €36m from PC sheets business divestment in FY 2018
- Insurance reimbursements of €63m vs. €29m in FY 2018

# FOCF guidance achieved

## FY 2019 - Historical FOCF development



in € million



<b>EBITDA</b>	+2,014	+3,435	+3,200	+1,604
<b>Changes in working capital</b>	+25	-475	-167	+411
<b>Income taxes paid</b>	-418	-510	-574	-296
<b>Other effects</b>	+165	-89	-83	-336
<b>Capex<sup>(a)</sup></b>	-419	-518	-707	-910

### Highlights

- FY 2019 FOCF of €473m largely driven by the expected strong finish in Q4 (FOCF of €330m)
- FOCF at the upper end of the narrowed guidance of €300m to €500m and in line with the initial guidance of €300m to €700m
- Strict inventory management coupled with decreasing receivables (driven by lower price levels) led to significant release of funds in trade working capital
- High cash tax rate of 38.9% due to retroactive tax payments for FY 2018, above P&L tax rate of 26.8%
- Other effects include provision releases of ~€350m related to bonus payments for FY 2018
- Capex of €910m up Y/Y with focus on growth investments, in line with full year guidance



- Covestro investment highlights
- Group Financials Q4 / FY 2019
- **Segments overview**
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# Number one producer globally and inventor of PU<sup>(a)</sup>

## Polyurethanes (PUR) at a glance



### Products

Polyurethane rigid foam is an excellent insulation material and adds to high energy efficiency in cooling units and buildings.

As soft foam polyurethane provides comfort, for example in mattresses, car seats and upholstery.

Covestro develops and produces the components of this versatile material.

### Key customer industries:



### Sample applications



For comfortable cars



For sustainable houses



For cozy furniture



For robust sports equipment

3.1%

Core volume  
CAGR in 2015 – 2019<sup>(b)</sup>

€5.8bn

Sales  
2019

€648m

EBITDA  
2019

# Polyurethanes – margin declining towards trough levels



## Segment results – Highlights FY 2019

### Sales and core volume growth<sup>(a)</sup>

in € million / changes Y/Y

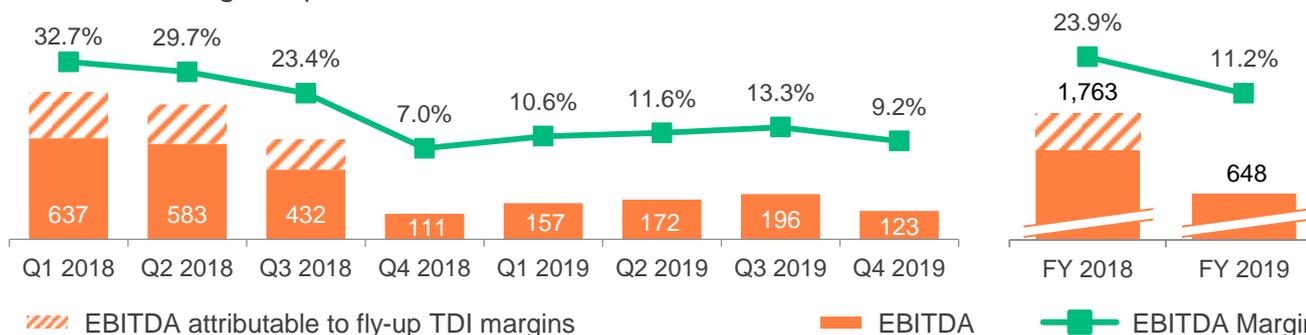


### Highlights

- Solid core volume growth (in kt) of +2.3% Y/Y, driven by MDI and TDI
- Growth in all key industries except automotive
- Increasing sales volumes (in €) of +1.5% Y/Y, FX added +1.8%
- Sales decreased by -21.5% Y/Y, driven by price (-24.7%)

### EBITDA and Margin

in € million / margin in percent



### Highlights

- Compared to prior year, EBITDA declined due to pronounced negative pricing delta
- In Q4 2019, EBITDA margin declined to 9.2% vs. 13.3% in Q3 2019 due to seasonally lower volumes and continuing margin pressure
- Book gain of €34m from divestment of European PU system houses in Q4 2019

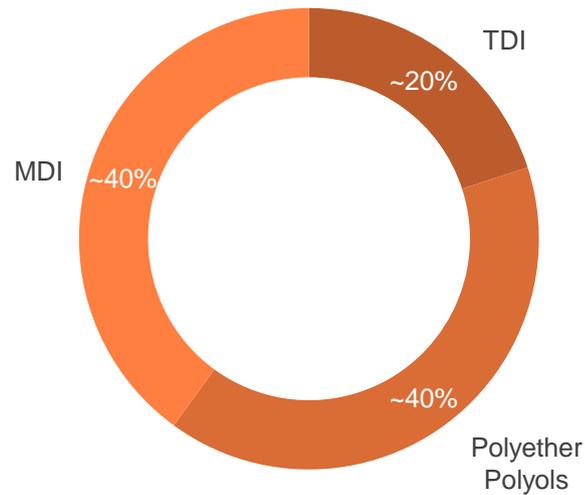
# Polyurethanes broadly positioned for growth



## Sales by business, end-markets and regions

### PUR sales split by business

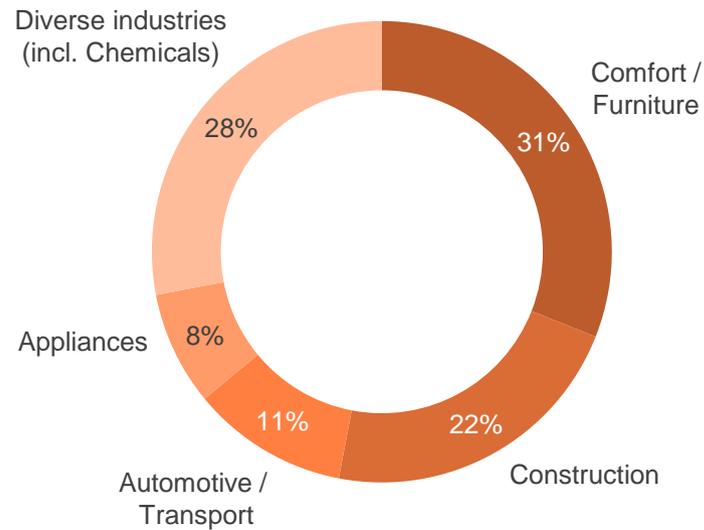
% of 2019 sales



Growth driven by MDI and TDI

### PUR sales split by end-markets

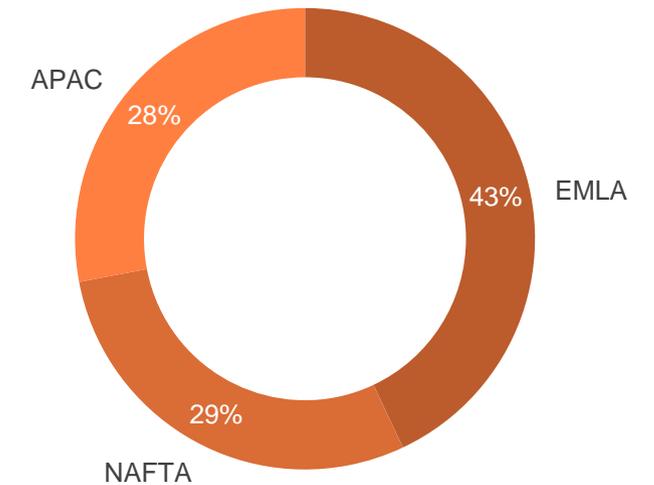
% of 2019 sales



Growth driven by several industries

### PUR sales split by regions

% of 2019 sales



Growth driven by all regions

# MDI industry supply and demand to remain balanced

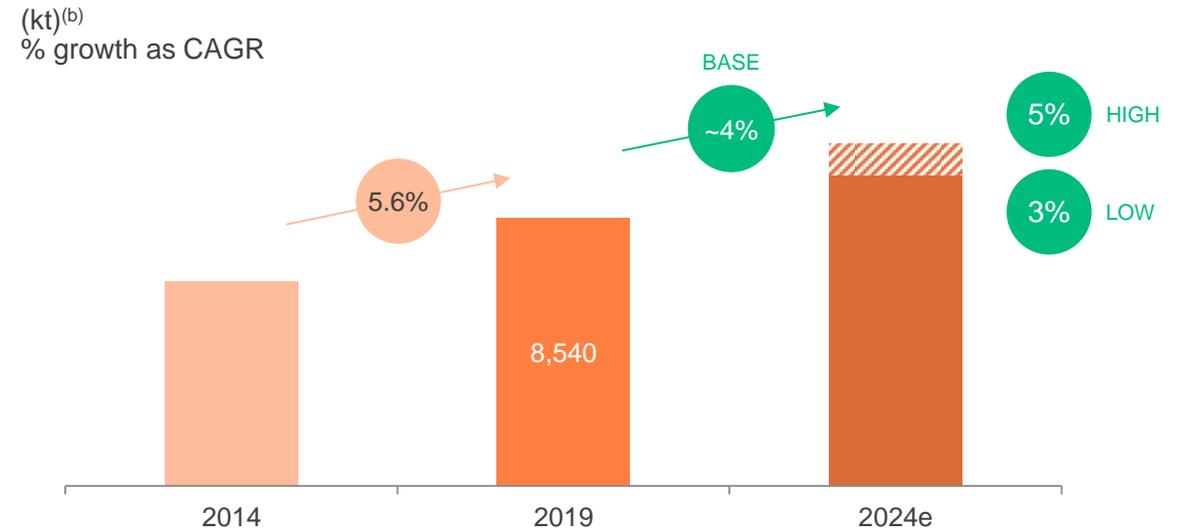


## Historical industry development and outlook

### MDI demand development (2014 – 2024e)



### MDI supply development (2014 – 2024e)



### Industry highlights

- Structurally sound demand of 4% – 5% based on global GDP growth and substitution trends
- Major additions<sup>(c)</sup> expected until 2024e: Wanhua (800kt in China), BASF (300kt in USA) and Juli Heshan (400kt in China)
- Covestro additions: Brunsbüttel, Germany (200kt, 2020e), Caojing, PRC (100kt, 2021e) and Tarragona, Spain (50kt, 2023e)

# TDI industry supply and demand getting back in balance



## Historical industry development and outlook

### TDI demand development (2014 – 2024e)

(kt)<sup>(a)</sup>  
% growth as CAGR



### TDI supply development (2014 – 2024e)

(kt)<sup>(b)</sup>  
% growth as CAGR



### Industry highlights

- Ongoing ramp-ups: BASF (300kt) and Wanhua (300kt)
- Major additions<sup>(c)</sup> expected until 2024e: Juli Heshan (150kt in China), Fujian SEEC (150kt in China)
- Announced closure of BASF (80kt, Schwarzheide) in H1 2020
- Potential industry consolidation in APAC

# Number one producer globally and inventor of PC<sup>(a)</sup>

## Polycarbonates (PCS) at a glance



### Products

As a true high-tech material, polycarbonate is not only very robust, break-proof and light-weight, but also offers a high degree of design flexibility.

Polycarbonate is available in all colors ranging from crystal clear to deep black. It is an excellent substitute for traditional material such as glass or metal.

This allows for a wide variety of application possibilities ranging from vehicles to smartphones and laptops as well as lenses or large roofs.

### Key customer industries:



### Sample applications



For trendy smartphones



For bright buildings



For light-weight cars



For safe medical products

5.2%

Core volume  
CAGR in 2015 – 2019<sup>(b)</sup>

€3.5bn

Sales  
2019

€536m

EBITDA  
2019

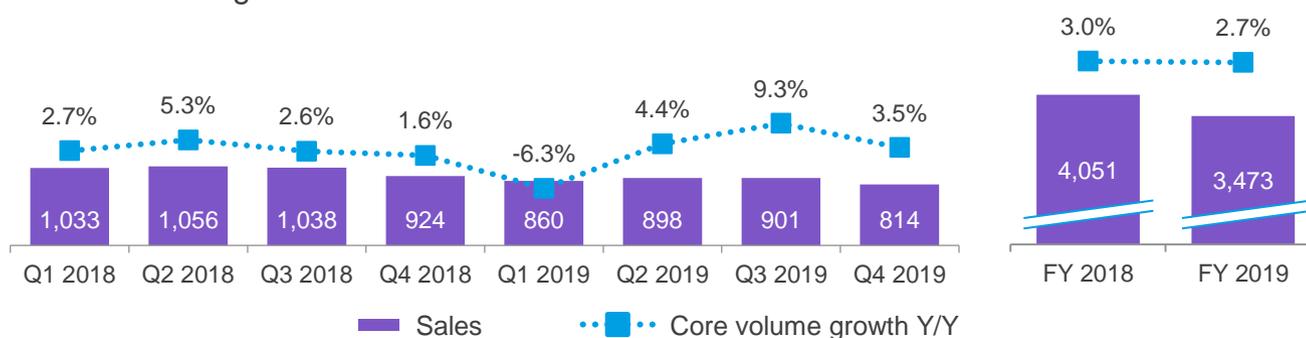
# Polycarbonates – increasing margin pressure



## Segment results – Highlights FY 2019

### Sales and core volume growth<sup>(a)</sup>

in € million / changes Y/Y

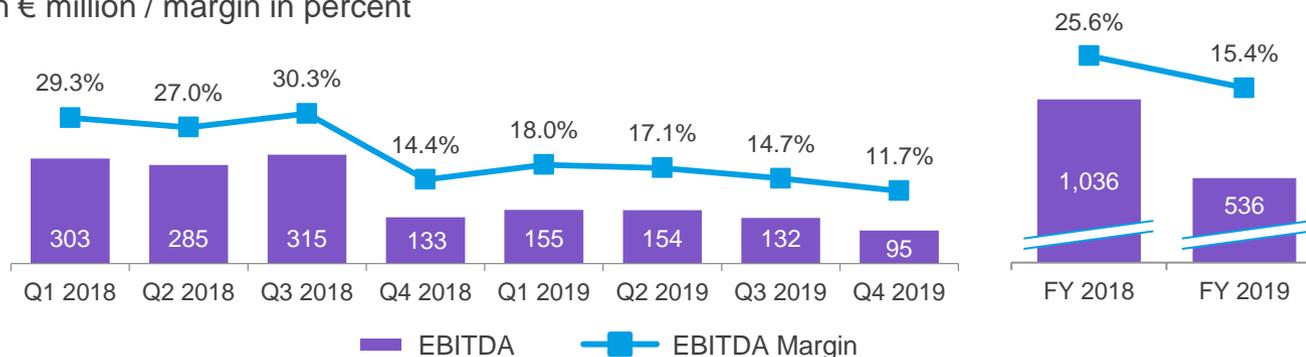


### Highlights

- Solid core volume growth (in kt) of +2.7% Y/Y driven by all key industries except automotive
- Increasing sales volumes (in €) of +2.4% Y/Y, FX added +2.0%
- Sales decreased by -14.3% Y/Y, driven by price (-16.5%)

### EBITDA and Margin

in € million / margin in percent



### Highlights

- Compared to prior year, EBITDA declined due to pronounced negative pricing delta
- In Q4 2019, EBITDA margin decreased to 11.7% vs. 14.7% in Q3 2019, mainly driven by the seasonally negative volume leverage

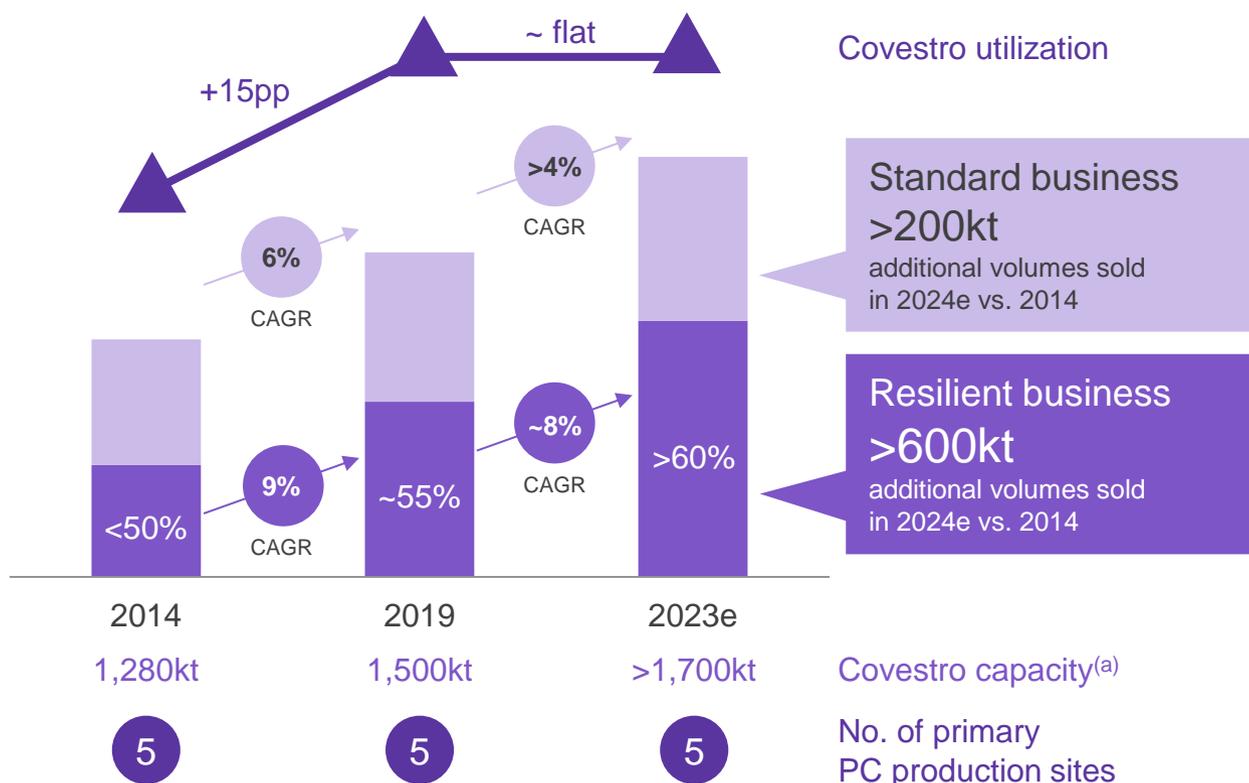
# Resilient business to grow to 65% long term

## PCS product portfolio



### Development of resilient portion of PCS volumes

Covestro sales volumes in kt



### Covestro highlights

#### Product portfolio improvement

- Short-term, product mix deterioration expected due to automotive weakness
- Long-term, goal to increase resilient portion of PC volumes to 65% with structural improvement of average contribution margin

#### Higher asset utilization

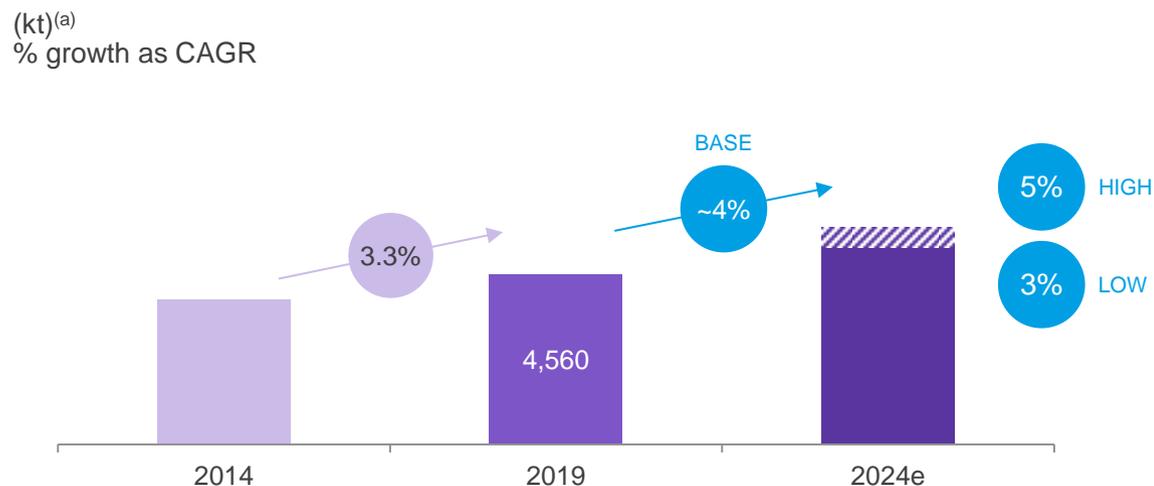
- Volume leverage through significant improvement of capacity utilization by ~15 percentage points
- Significantly higher output from unchanged number of primary production sites

# Execution risks may limit future capacity additions

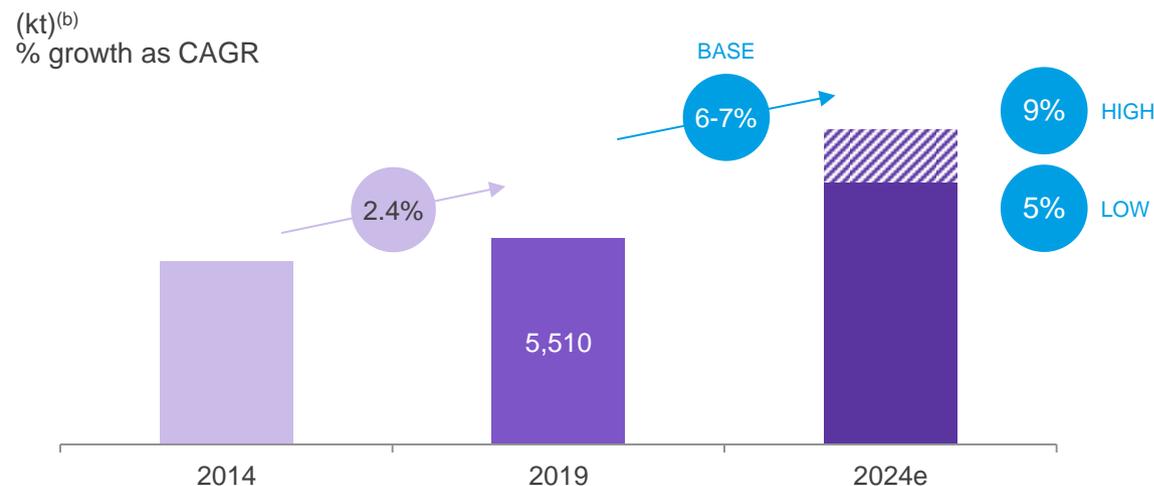


## Historical industry development and outlook

### PC demand development (2014 – 2024e)



### PC supply development (2014 – 2024e)



### Industry highlights

- Electric mobility and autonomous driving could accelerate demand growth above base case
- Major additions<sup>(c)</sup> expected until 2024e: Cangzhou Dahua, Hainan Huasheng, Heng Yuan, Lotte, Luxi, Puyang, SABIC-Sinopec, Shenma, Wanhua, ZPC, Xingyun
- Numerous announced projects with high uncertainties regarding actual timing and scope
- Covestro additions: Caojing, PRC (+150kt in multiple steps until 2024e, optional +50kt thereafter)

# Performance materials for coatings, adhesives and specialties



## Coating, Adhesives, Specialties (CAS) at a glance

### Products

There is a vast application range of coatings and finishes made of Covestro polyurethane raw materials. They are used for protection and decoration.

In addition, the company produces pre-products for adhesives and sealants as well as for specialty films and elastomers.

Coating, Adhesives, Specialties (CAS) also supplies materials for cosmetics, textiles and medical goods.

### Key customer industries:



### Sample applications



For long-lasting cosmetics



For robust floors



For fancy cars



For functional textiles

2.1%

Core volume  
CAGR in 2015 – 2019<sup>(b)</sup>

€2.4bn

Sales  
2019

€469m

EBITDA  
2019

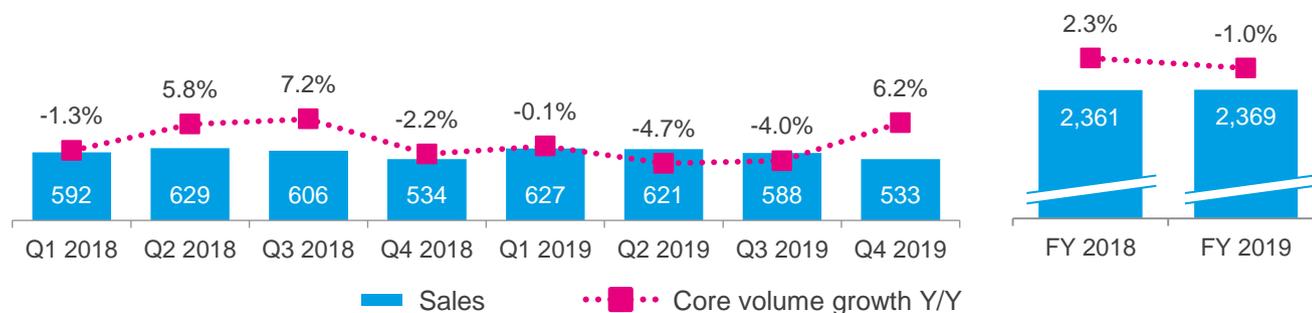
# Coatings, Adhesives, Specialties – weak end markets



## Segment results – Highlights FY 2019

### Sales and core volume growth<sup>(a)</sup>

in € million / changes Y/Y

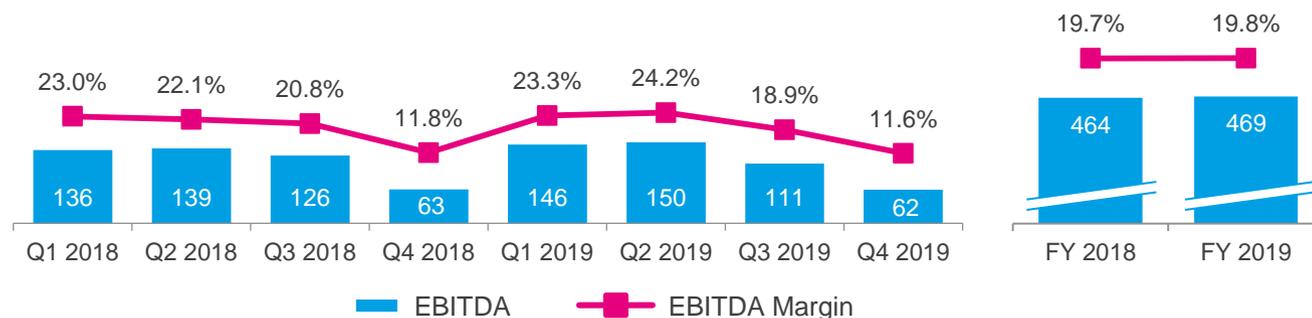


### Highlights

- Disappointing demand for industrial coatings burdened core volume growth (-1.0% Y/Y)
- Core volume rebound in Q4 helped by full consolidation of DCP and weak comparison basis
- Stable sales development at +0.3% Y/Y driven by FX (+2.3%) and portfolio (+1.2%) despite weaker sales volumes in € (-2.1%) and prices (-1.1%)

### EBITDA and Margin

in € million / margin in percent



### Highlights

- Compared to prior year, stable EBITDA despite the negative volume leverage helped by decreasing costs and book gain from DCP revaluation (€19m)
- In Q4 2019, EBITDA margin decreased to 11.6% vs. 18.9% in Q3 2019, mainly driven by the seasonally negative volume leverage

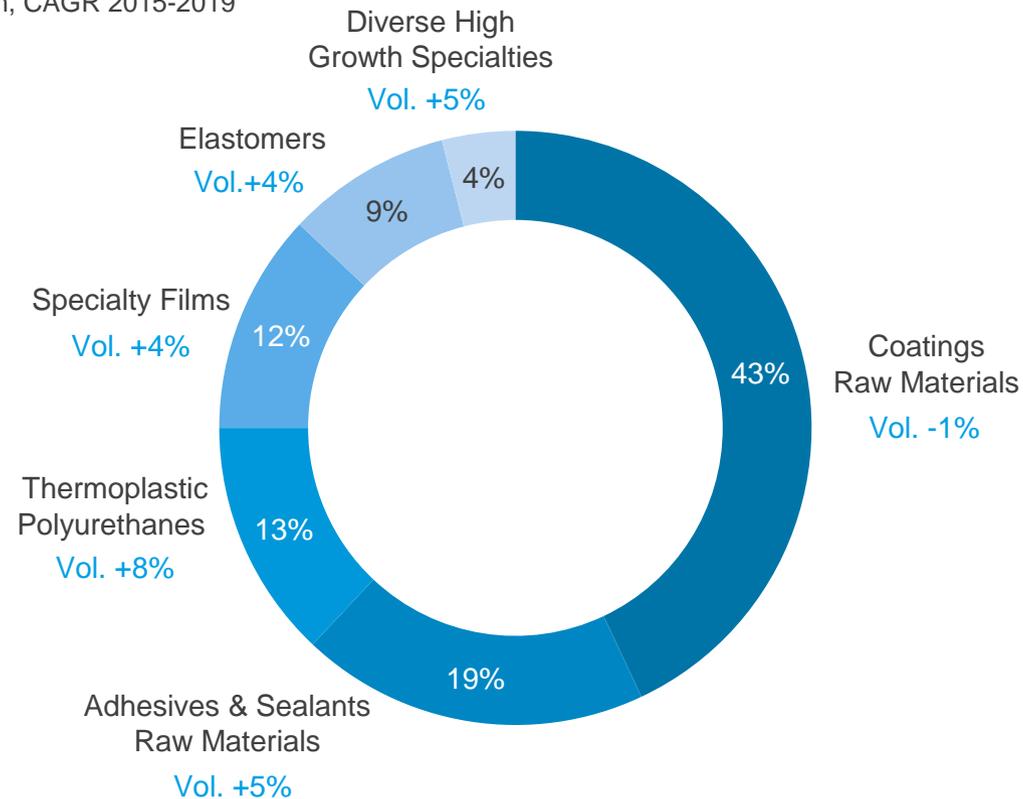
# Solid underlying growth despite challenging environment



## Outperformance of High Growth Specialties businesses

### CAS sales split by businesses

Covestro sales share FY 2019<sup>(a)</sup>, rounded  
Core volume growth, CAGR 2015-2019



### Highlights

- Adjusted core volume growth of 2.1% CAGR in 2015-2019<sup>(a)</sup>
- Growth driven by all businesses except coatings raw materials
- High Growth Specialties businesses generate ~38% of sales: Thermoplastic Polyurethanes (TPU), Specialty Films and Elastomers
- Coatings raw materials businesses burdened by weak end markets like automotive



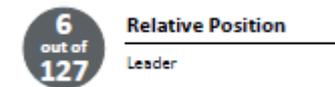
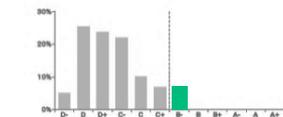
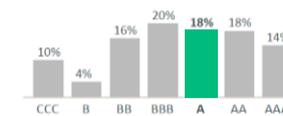
- Covestro investment highlights
- Group Financials Q4 / FY 2019
- Segments overview
- **Background information**

# Scores reflect Covestro's broad engagement in ESG

Covestro's rating results and index memberships (as of Jan 2020)



Rating / Index	2016	2017	2018	2019	2020	Scoring	Benchmark
	BBB	BBB	A	A		AAA – CCC	in Specialty Chemicals
	B-		B-			A+ – D-	Prime Status
 New methodology <sup>(a)</sup>	74	75		80		max. 100 Points 0 – 100 Points (the lower the better)	Leader
 SUPPLIER SUSTAINABILITY RATINGS	73			80		max. 100 Points	Gold Ranking
							Inclusion in FTSE4Good Index <sup>(b)</sup>

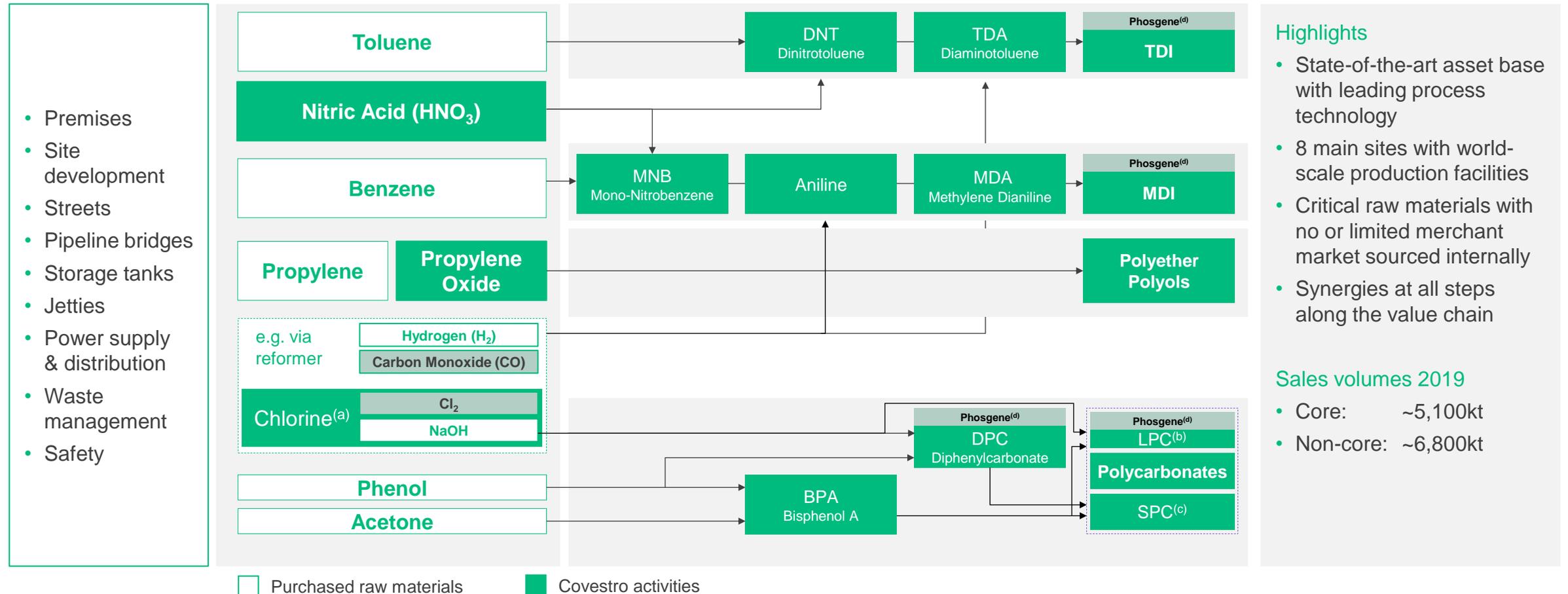


# Synergies in scale, process technology and chemical know-how



## One chemical backbone across all segments

### ► Infrastructure    ► Raw Materials    ► Core Units / Technology    ► Final product



#### Highlights

- State-of-the-art asset base with leading process technology
- 8 main sites with world-scale production facilities
- Critical raw materials with no or limited merchant market sourced internally
- Synergies at all steps along the value chain

#### Sales volumes 2019

- Core: ~5,100kt
- Non-core: ~6,800kt

# Significant synergies from Covestro chemical backbone

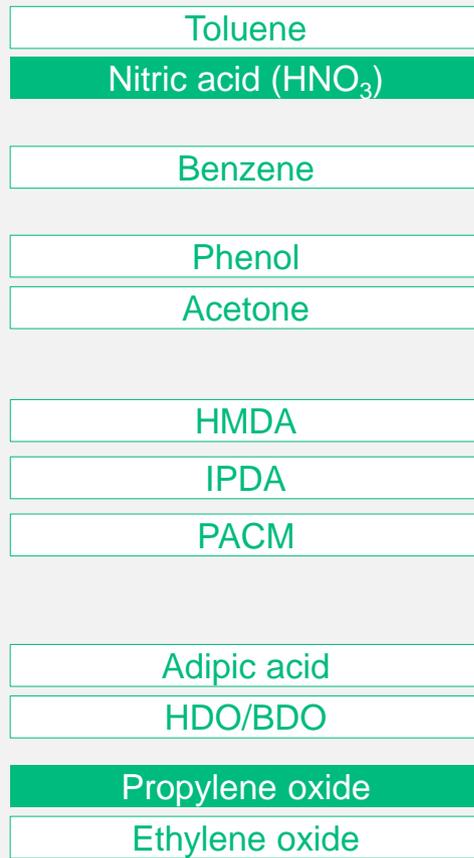


## CAS backward integration

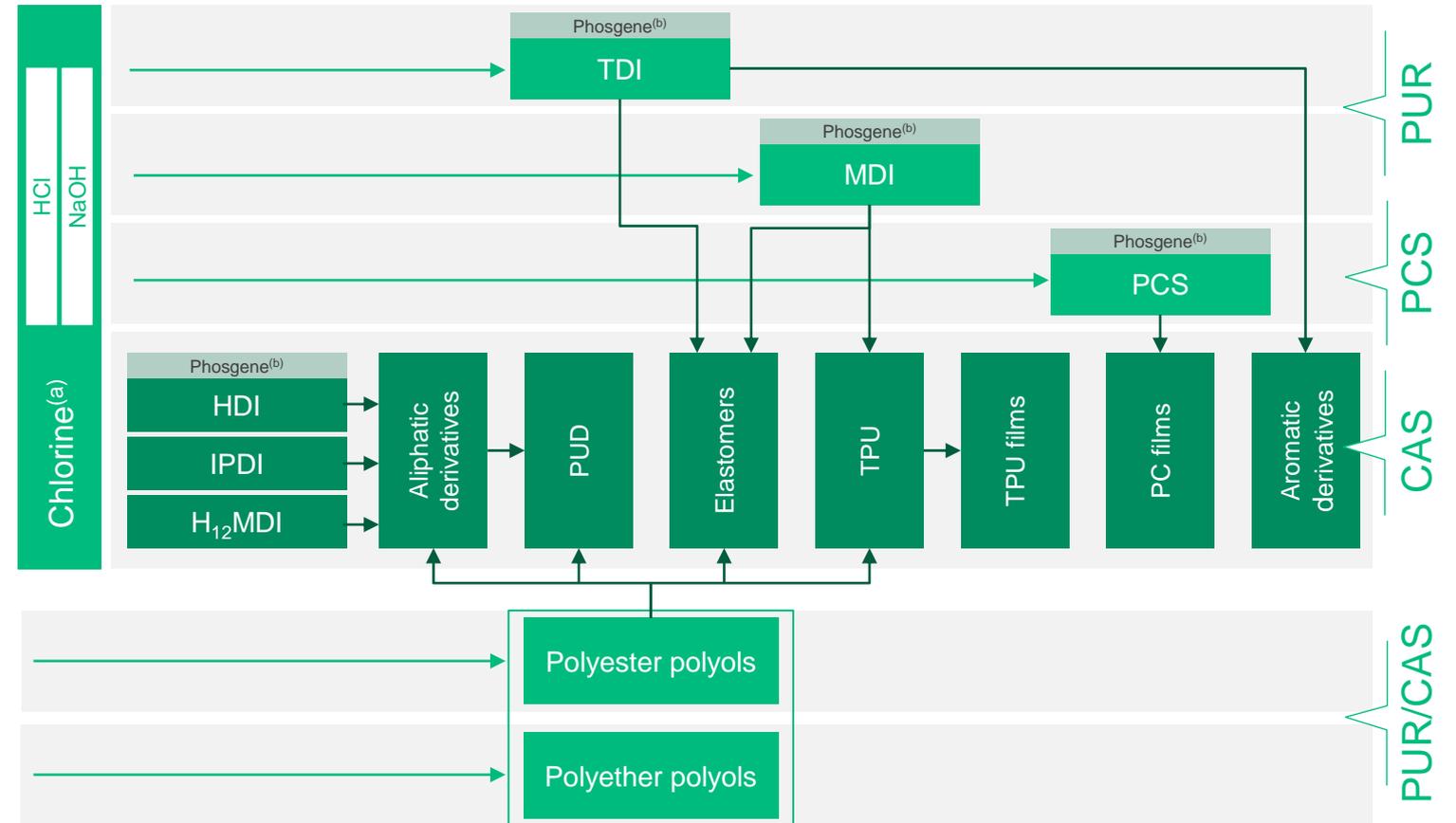
### ► Infrastructure

- Premises
- Site development
- Streets
- Pipeline bridges
- Storage tanks
- Jetties
- Power supply & distribution
- Waste management
- Safety

### ► Raw Materials



### ► Core Units / Technology



□ Purchased raw materials

■ Covestro activities

# Entire organization aligned for performance

Full STI annual target achievement requires EBITDA above €2bn

## Uniform bonus system

- Full alignment of all employees (including board) along the same KPIs
- Criteria with full focus on performance and shareholder value creation
- 100% payout, as percentage of annual base salary, linked to hierarchy level
- Total payout at Group level for 0%, 100% and 250% achievement is €0m, ~€180m and ~€450m, respectively
- Fixed hurdle rates for 2019 – 2021 reflect KPI values in mid-cycle conditions, based on historical review and expected future development

## Three equally weighted Group metrics

- Targets for 100% achievement:

Core Volume Growth +4.0%



FOCF €800m



ROCE above WACC<sup>(a)</sup> 8pp



- For each metric, payout can range from 0% to 300%
- Max. payout capped at 250%

## Transparent ambition

- Future core volume growth goal of 4% requires growth capex
- 100% target achievement for ROCE and FOCF implies mid-cycle EBITDA above €2bn for 2019 – 2021e

# Upcoming IR events



Find more information on [covestro.com/en/investors](https://covestro.com/en/investors)

## Reporting dates

- |                    |                                 |
|--------------------|---------------------------------|
| • April 29, 2020   | Q1 2020 Interim Statement       |
| • July 23, 2020    | Half-Year Financial Report 2020 |
| • October 27, 2020 | Q3 2020 Interim Statement       |

## Annual General Meeting

- |                  |                              |
|------------------|------------------------------|
| • April 17, 2020 | Annual General Meeting, Bonn |
|------------------|------------------------------|

## Capital Markets Day

- |                   |            |
|-------------------|------------|
| • October 1, 2020 | Leverkusen |
|-------------------|------------|

## Sellside event

- |                |                                       |
|----------------|---------------------------------------|
| • May 27, 2020 | Sellside Round Table with CFO, London |
|----------------|---------------------------------------|

## Broker conferences

- |                  |  |
|------------------|--|
| • March 3, 2020  | Morgan Stanley Corporate Day, Madrid                       |
| • March 12, 2020 | Goldman Sachs Annual European Chemicals Conference, London |
| • April 1, 2020  | Mainfirst Corporate Conference, Copenhagen                 |



# Disclaimer

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG.

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